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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2027



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28 July 1980

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INTERNATIONAL AFFAIRS

BRIEFS

CSSR-YUGOSLAV TRADE--In 1980 the turnover of the mutual exchange of goods and services between the CSSR and Yugoslavia, including deliveries within the framework of the intergovernmental agreement on cooperation in ferrous and nonferrous metallurgy, will amount to \$1.2 billion, which is about 15 percent more than in 1979. [Bratislava ROLNICKE NOVINY in SLOVAK 30 Jun 80 p 1]

CSO: 2020

WISDOM OF PRICE POLICY EMPHASIZED

Tirana RRUGA E PARTISE in Albanian Mar 80 pp 32-40

[Article by Mynyr Maska: "A Pricing Policy in Service of the Continual Raising of the Well-Being of the People"]

[Excerpts] The party has not considered pricing as a purely financial problem, but primarily as an important political, social and economic problem, which is linked to the implementation of all its policy for the construction of the socialist society. The party has used, and still uses, the pricing lever to serve the implementation of the demands of the fundamental economic laws of socialism, for the continued growth of the material and cultural well-being of the working masses; to strengthen the alliance of the working classes with the farmers, to develop industrial and agricultural production, to harmonize monetary circulation, to distribute and redistribute national revenue in order to strengthen further the popular economy and to reduce the differences between the city and the village, and to strengthen the defense force of the country.

At the base of the policy of the party was, and still remains, the concern for the continuing raising of the well-being of the working masses, based on the continual growth of social productivity. "All our economic, political and social development -- Comrade Enver Hoxha has stressed -- has always aimed at serving the interests of the people, to assure them a happy, prosperous, free, democratic and independent life." (Enver Hoxha, "Report to the Sixth Congress of the AWP," p 93).

Having, always, at the center of attention the people and the complex fulfillment of their requirements, our party has implemented, and still implements, in this area a correct revolutionary policy, whose goal has been and is a continuous increase in the well-being of the working masses in the cities and villages, on the path of satisfying, first of all, their economic, cultural and social needs; constantly narrowing the gap in income and standards of living between the village and the city, between the different groups and strata of the population, keeping in mind, always, not only the momentary interests, but also the interests of the future; giving precedence to the interests of the majority and not to the interests of this or that special group of the population.

This correct principled policy, in the interests of the working masses, has found expression not only in the continuous increase in the circulation of goods, but also in trade and price stability, in the periodic reduction of the price of goods, which are absolutely necessary for the masses, which has strengthened their buying powers.

In order to raise the well-being of the working masses the party, along with the development of social production, along with the perfection production relations in all its aspects, in ownership as well as in distribution and exchange, has taken steps to lower the price of consumer goods. Thus, from 1950 to 1959, prices decreased eight times with an economic benefit of 700 million lek. In the 1960-1969 period prices decreased five times with an economic benefit of 411 million lek. In addition, in 1976, the price of certain other goods decreased, and measures were taken to narrow the gap between the village and the city with an economic benefit of 140 million lek.

Prices have been reduced in general for widely used consumer items such as: bread, flour, sugar, fats, rice, milk, cotton and woolen fabrics, medicine and the fees for communal repairs and services. In order to assist workers with large families, in 1956 special prices were set for the clothing and shoes of children and young people, for school supplies, for artistic performances, sports events, and so on. The level of prices of foreign and domestic drugs has remained low; for children less than a year old they are free. Rents are symbolic, they consist of 1.5-3 percent of a family's income.

The progressive increase in national revenue, and the increase in the actual per capita income of the population, from one five-year period to another, are realistic evidence of the vitality of our socialist economy, which is the supportive material base for the implementation of the party's policy for the continued growth of the well-being of the population. The achievements in 1979 are a telling fact of the vitality of our economy. Industrial production grew by 9 percent as compared to 1978, agricultural production by 12 percent and the national revenue by 15 percent. These are the highest rates of growth of the decade, in fact they have been realized without the slightest aid from abroad.

In order to see the great wisdom of the policy of the party in area of price setting let us make a comparison with that which has happened, and is happening, in the capitalist and revisionist world. For a long time the capitalist and revisionist world has been caught between the burdensome squeeze of economic and financial crises. These crises, in conjunction with other influences, have led to a continued increase in the price of consumer goods and to the increase of the cost of living of the working masses. "In times of crises," Comrade Enver Hoxha has stressed while speaking of these countries, "the price of everyday necessities is out of reach" (Enver Hoxha, "Report to the Seventh Congress of the AWP," p 192).

The alliance of the working class with the working peasantry, and the unity of the people around the party have been, and are some of the most fundamental policies of the party. The economic base of this alliance and this unity

consists of the influence of social ownership over the means of production, and the pricing policy followed by the party has served, and is still serving, to reinforce this socialist ownership which constituted, and still constitutes, as Comrade Enver Hoxha says, "the golden key" to all that has been achieved so far.

While assigning the task of taking agriculture out of backwardness, the party, from the beginning, defined as the only correct way the socialist reorganization of the village and the strengthening of the ties between the city and the village, through the reciprocal exchange of agricultural products for industrial products.

Within the framework of important beneficial measures for agriculture and for raising the standard of living of the people in the cities and the villages, measures were taken in 1953 which were aimed at improving the rate of investments in favor of agriculture and other aids for the villages, such as: pardons for unfulfilled obligations, reduction of obligations for all categories of land, lower prices for agricultural tools produced domestically and an increase in the cost of produce sold to the state. In addition, the decisions of the Plenum of the Central Committee of the Party, in October of 1962 and June of 1963, gave a further boost to agricultural development and to the improvement of the economic, social and cultural condition of the villages. Their implementation has decreased the disparity between village and city life, because of the intensive development of agricultural productivity, the expansion of communal and small business services in the village, the expansion of the communications and electrifications systems, and because of an increase in the level of education and culture in the villages, and so on.

The party was aware that the system of supply by three markets with differentiated prices, as well as the rationing system, which were established during the first years of the people's government were temporary measures, successfully implemented for the conditions which existed at that time. The measures which the party took for the socialist industrialization and collectivization of agriculture resulted in the rapid development of industrial and agricultural productivity, and made it possible to abolish rationing in 1957. This, together with the transition to state trade with uniform prices was an important victory for the economic policy of the party, which marked a new stage in the field of pricing, with a primary goal, among other things, to strengthen the alliance between the village and the city; to strengthen and develop further the ties between agriculture and industry.

In defining the prices for the accumulation of agricultural products and livestock, we have kept in mind and still keep in mind the special conditions under which agricultural productivity is realized, such as the characteristics of group ownership, the capabilities of the agricultural cooperative to realize expanded reproduction, the participation of the state in mechanized agricultural activities through the machine tractor stations, the need to put aside, from the centralized revenues of the state which are used to finance the economic and social development of the country, part of the produce for the members of the cooperative society. In setting prices for the collection

agricultural and livestock products the fact is kept in mind that although the absolute investment income has disappeared under socialism, the differential income exists in both its forms. As a result, part of the supplemental net investment returns, which are realized by some agricultural cooperatives, because of the greater fertility of their soil and because of their nearness to industrialized centers, as well as the supplemental net returns which are assured by some cooperatives from state investments in agriculture should be taken away from the state and used for the benefit of the society. Therefore, the party has implemented and implements a pricing policy which plays an important role in the distribution and redistribution of revenue within the agricultural cooperatives themselves, and between the plains and the hilly and mountain areas, and in narrowing the difference in income between the village and the city, which directly helps to further strengthen the alliance between the working class and the cooperative peasantry.

As a means of increasing agricultural and livestock products, increasing the revenues of cooperatives in hilly and mountainous areas, narrowing the disparity in revenue not only between the villages and the cities in general, but also between the hilly and mountainous areas and meadowlands; in addition to the favorable measures which have been taken for agricultural cooperatives in general, supplementary favorable measures have been implemented for the cooperatives on hilly and mountainous areas. Such were the measures taken for agriculture in general, and especially those benefitting the new mountain cooperatives, after the joint declaration of the Central Committee of the Party and the Council of Ministers in April 1967, especially the measures that were taken for the hill and mountain cooperatives in 1969, with a benefit of 185 million lek; other measures such as the abolition of mandatory collection of bread grains, the sale of means of production of agricultural cooperatives, and state enterprises, at prices which are being evaluated, and a series of other favorable measures for the sale and purchase of wheat, rye and rice seed, industrial crops, and so on. Setting different prices for the purchase of wheat, corn and other grains from the hilly and mountainous areas is another concrete measure that will reduce the difference in revenue between the meadowlands and the hilly and mountainous areas. Actually the purchase price of wheat and corn from the hilly and mountainous area is respectively 23.5 and 12.8 percent higher than the purchase price for wheat and corn from the meadowlands.

In this framework an important place is given to the policy of the party in setting fees for work done by means of the machine tractor stations have contributed to the expansion of the mechanized work process in agriculture; they have increased agricultural productivity in general, and the raising of specific crops. In charging different fees for work done by MTS in the hilly and mountainous areas, the goal has been to favor the development of agriculture and livestock in the flat areas as well as in the hilly and mountainous areas.

All these measures, as well as those taken in 1976, and later, have resulted in narrowing the gaps between the village and the city; between the hilly and mountainous and meadow areas; they have strengthened further the alliance between the working class and the cooperative peasantry.

On the basis of the fact that prices are an economic category which expresses a special side of socialist relations in production, the relations between the classes in connection with the distribution of national revenue, pay, the increasing of purchasing power and other matters, has devoted, and devotes, special attention to defining prices in a way that is conscientious, oriented, planned and centralized, consistent and uniform in all the country--a capability created on the basis of the existence of the people's government as a fundamental political factor and of social ownership over the means of production as a fundamental economic factor.

This manner of defining prices, based on a correct and principled Marxist-Leninist policy, has been followed continuously throughout the period of socialist construction in our country. "We," Comrade Enver Hoxha emphasizes, "will not abandon the centralized form of price controls based on a uniform policy for all the country. This is the only way to prevent the free movement of prices in trade, to prevent anarchy, competition and spontaneity; to prevent trade, through the mechanism of supply and demand, from changing into a spontaneous regulator of the production and circulation of goods, as happens in the capitalist economy, and in countries where modern revisionists rule" (Enver Hoxha, "Report to the Fifth Congress of the AWP," p 81). The experience in our country shows that this is the only correct revolutionary Marxist-Leninist way for implementing a pricing policy which protects the interests of the workers and assures and satisfies the demands of the fundamental economic law of socialism for the continued improvement of the well-being of the working masses, on the basis of the uninterrupted development of the economy.

In our country, at the present time, the whole system of prices and fees is centralized. The Council of Ministers sets the purchase price of the most important agricultural and livestock products, as well as the pricing criteria and limits of other ministries and central institutions, whereas only a small number of second category products are left under the competency of the executive committee of the people's councils in the district. No other organ besides the Council of Ministers has the right to change prices that have been approved. The state economic enterprises and organizations and the cooperatives have never been and are not permitted to set the retail or wholesale selling price of goods.

The stability and firmness of prices in our country, under conditions of the harsh capitalist-revisionist encirclement and blockade, is one of the greatest victories which is based on the superiority of our socialist economic and social order and on the overall Marxist-Leninist line of our party. Although the price of imported goods has increased considerably, the prices of goods in our country, even imported goods, have not changed, because the effect of this increase has been borne by the internal resources of the state, struggling and endeavoring to increase the effectiveness of the economy. However, the negative effect of the economic crises that have swept the capitalist-revisionist world has had some influence even in our country, because we trade with them, we sell and buy; the pressures of the encirclement and blockade become more severe everyday. This is why the party sets the duty for everyone

to think and work better and better everyday to break this blockade, to produce as much goods for export as possible, to replace imported goods with goods produced in the country, and to implement the party's slogan that without exports there are no imports.

Our socialist economy is a planned economy and it is managed on the basis of the economic laws of socialism and the economic policy of the party. The achievement of the objectives defined by the party for the uninterrupted growth of productivity and for the material and cultural well-being of the working masses requires proportioned balance in planning and implementing, such as a progressive growth of social production and national revenue; supply and demand and the harmonious fulfillment of the different economic indicators, in the technical and financial areas, and in every link and cell of the economy.

Within this framework it is of special importance to establish the correct proportions between services and the price of consumer goods, in circulation for a specific period of time, on the one hand, and on the other hand, the monetary income of the people which is used to buy these goods and services during the same period of time, in such a way that the first will be greater than, or at least equal to, the second. These important proportions are studied and calculated at the planning stage. Their implementation requires that the state and economic organs should not be content with the fulfillment and balance of these indicators globally, but should assure their fulfillment to the smallest item, in specified quantity, assortment and quality. The people need definite quantities of useful assets, which are assured by the production of an assortment of goods in specified quantity and quality, for both sexes and all ages and in specific sizes, for all seasons of the year, for hot and cold regions. However, in the planning stage, especially at the stage of fulfilling the duties of the plan, one sees instances when these demands are neglected. There are instances when goods are produced which are not in demand by the people, and there is an oversupply of them in the shops at a time when other goods are in demand.

Good quality increases the value of goods, whereas poor quality decreases the demand for specific goods and in fact, it leads to their devaluation. Therefore, the struggle for quality, the party says, remains one of the principal goals on which the attention of party organs and organizations, the state and economic organs should concentrate their attentions. Even in this aspect there is room for a more effective use of the economic price lever. In some advanced enterprises, such as the "Stalin" textile plant in Tirana and the textile plant in Berat the quality of fabrics is over 94 percent perfect; the third quality is going to be phased out because there is no market for it. In other enterprises this important indicator is still very low. For example, in the glass enterprises the breakage of glassware is 20 percent and the production of poor quality ware is still high. In some other enterprises the coefficient for the profitable use of lumber, steel, and coal is low, while in enterprises of the same profile, but with a more efficient management and organization, the coefficient is much higher. There is no objective reason at all that the fishing enterprises in Vlore, Sarande and Durres should register losses at a time when the fishing enterprises in Shkoder, Korce and Lushnje are profitable.

The party has continually stressed that the problems of cost, profit and socialist accumulation are problems of vital importance for the dynamic development of the economy, not only for the rapid development of all the branches of the economy and to protect the necessary dimensions of the harmonious development of the economy, but also to protect the stability of prices of goods within the country. Our state has not solved, and cannot solve the negative influence on our country of the economic crisis the capitalist-revisionist world is going through with rising prices and inflation. This problem has been solved and will be solved by a frontal execution of all the approved duties in all their indicators. "Therefore," Comrade Enver Hoxha recommends, "the struggles and the endeavors of the party organizations, the state organs and all the workers must concentrate on fulfilling the plan, not only globally, but absolutely in all its indicators, in quantity, variety, quality, in productivity and cost" (Enver Hoxha, "Report to the Seventh Congress of the AWP" p 83).

The principal goal of the work of our enterprises is to satisfy the needs of the working masses and the economy, which are always on the increase, based, among other things, on increasing efficiency and production and assuring the greatest accumulation possible. All the enterprises are capable not only of covering expenses, but also accumulating, which is the only source of the expanded socialist reproduction and the source of the continued growth of the well-being of the people. Under present conditions of socialist construction in our country, entirely with our own forces, without help or credit from abroad, and at a time when the prices of imported goods are increasing continuously, these matters take on an importance of the first order. "When we speak of the laws which have to do with the effectiveness of social production," Comrade Enver Hoxha recommends, "we must be very careful, because this is a nerve center for all our economy. Effectiveness is, as we say, the result of all the factors of socialist development."

It is unforgivable, that after so many years of work and experience there are enterprises which show losses and do not produce the planned accumulation. Surely, there are organizational, technical and technological problems, there are also underestimations of the economic indicators of profit and accumulation. For example, some products of the plastics enterprise in Lushnje are in great demand, but the enterprise does not produce to capacity, this is because these goods are of small value and they do not give "a hand" to the global fulfillment of the plan, even though they can be produced at low cost and are very profitable.

The correct implementation of the price policy requires that the defined powers of the executive committees of the people's councils in the districts must be understood and implemented correctly in compliance with specified guidelines and criteria. We stress this because on occasion these powers have not been executed correctly, or they have set prices outside of their areas of responsibility; expressions of formalism and bias, or superficial, irresponsible work have been noticed--things which have negative consequences. Thus the differences which are presented in the production and marketing of certain kinds of fruit and vegetables, the selling and purchasing prices,

within the limits set by the government, has been left to the jurisdiction of the executive committees of the people's councils in the districts. However, this power has not always been used in compliance with established guidelines and criteria. There have been times when maximum prices have been set during periods when produce has been abundant and had a good market. The problem is to assure that all the fruit and vegetables which are grown are consumed; to lengthen the period of their use; to take necessary measures to shorten the time it takes to transport the fruits and vegetables from the producers to the consumers; to preserve and process them so as to cut losses to the minimum. A more careful observation of the dynamic production and consumption of fruits and vegetables by the special staff which operates in the Ministry of Domestic Trade and the defining of quick organizational measures for the redistribution of this produce from one district to another, according to the conditions that were created, are positive influences in the best possible supplying of the people with fruits and vegetables, which are a very important food. In the same way, setting different buying and selling prices in some districts, where certain kinds of produce mature late, or have a short cycle, so that the producing units can cover expenses and assure some net revenue, is a matter that has to do with the correct use of the price levers in order to stimulate production. The problem is to see that while solving these matters correctly the interests of producers and consumers are not affected. Therefore, it is necessary to strengthen the system of correct price controls and fees for services in the communal and trade sectors. It is also known that new produce and assortments bring freshness and vitality to trade, they supply it with new products of ever improving quality. But bureaucratic procrastinations is seen in the process of the approval of the standards and of technical conditions of products, which cause noticeable delays at the beginning of production and at the time of their marketing.

Having always as a guiding compass the correct policy of the party and the lessons of Comrade Kever Hoxha, the possibilities exist, for all economic and state organs, to move forward with the work and to raise to a higher scientific level the concept and implementation of the economic policies of the party in the area of pricing.

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NEED FOR IMPROVED ORGANIZATION OF CONSTRUCTION, TRANSPORTATION

Tirana RHUGA E PARTISE in Albanian Mar 80 pp 11-20

[Article by Shinaai Dragoti: "Perfecting the Management and Organization of Work in the Construction and Transportation Industries is a Basic Factor in Completing the Tasks"]

[Excerpts] In the construction and transportation industries, as in all branches of the economy, measures have been taken and efforts have been made to improve the level of management and the organization of work in the enterprises at the district and ministerial levels in order to confront, better and better, every year, the duties of the plan, which are always increasing. There have been results. For example, in 1979, as compared to 1975, the volume of transportation as a whole increased by 26 percent. For motor cars, by 18 percent and for railroads, by 41 percent; foreign maritime transportation increased by 82 percent and construction increased by 27 percent. Economic and technical indicators, as well as labor productivity and the coefficient for exploiting transportation and machinery are on the increase, while costs have continued to decrease.

Nevertheless, in the construction and transportation industries, the duties of the plan are not always fulfilled in every direction, this happens, among other reasons, because management and organization have not responded properly to the new requirements and tasks which are laid down at every stage of the economic and social development of the country. Therefore, delving into the political, ideological and economical dimensions of the problems, which were analyzed by the Seventh Plenum of the Central Committee of the Party in order to raise further the level of the scientific management and organization of work, is of special importance even for these two branches of our economy.

The problems of the scientific management and organization of work in the construction and transportation industries, as in every other field, are many and varied. However, we shall focus on some of those areas which were emphasized at the Seventh Plenum of the Central Committee of the AWP [Albanian Workers Party].

The Central Committee of the Party has stressed, and continually made clear, that the scientific management and organization of work in economic matters requires knowledge and an unconditional implementation of the demands of the economic laws of socialism and the natural sciences; it requires the knowledge generalization, expansion and, particularly, the implementation of advanced experiences everywhere. In order to put these requirements into effect many measures have been and are being taken continuously by the party organs and organizations, by the state and economic organs, by the mass organizations and all the other levers of the party. Measures to study the economic laws of socialism, their knowledge and the adoption of their needs, closely related to experience and the concrete problems that arise in daily life, measures to train the cadres and workers and equip them with professional, technical and scientific skills, to spread the experience of workers and progressive workers, as a result we have the achievements we already know. Looking at the problems with a critical eye and considering all the possibilities which have existed and still exist we come to the conclusion that not everywhere and always have these measures been used with the necessary effectiveness. As a result, the duties of the plan have not always been fulfilled, everywhere and in every indicator, as had been foreseen, although, the capabilities and resources to go forward are very great.

Globally, the plan for the transportation of goods from the enterprises of the Ministry of Communications, without mentioning that of the other ministries, has been fulfilled almost everywhere every year, whereas, the contracts between producers and consumers have never once been fulfilled by 100 percent. For example, last year 50,000 tons of cement did not reach their destination. What has happened to our economy in general, even if we consider just this fact? The work schedules were violated and the plan was not fulfilled in the construction of many projects. The plan for the production of cement was delayed because the production of cement was not increased on time, the completion of duties for exports were delayed, and so on. In the same way, a deficit was created in the transportation of coal, lumber, chrome and its concentrates. The same thing can be said for the construction enterprises, which last year fulfilled the plan in volume, but did not complete, for use, a number of projects, and 1100 apartments. The worst of it is that in some cases these uncompleted works are "justified" by objective reasons when, in reality, the reasons are not the ones given.

As can be seen, this kind of non-completion of the plan not only adversely affects these two branches, but also damages all our economy; it affects that cohesive organic unity which is necessary between all the component parts of the state plan. Therefore, the Seventh Plenum of the Central Committee of the party emphasized that this unity must be preserved at all costs, not only in the drafting of our plan for the development of our economy, but also in fulfilling it to the letter in all indicators as a fundamental necessity for the implementation of the law of the planned and proportioned development of the economy. This is why there should be a deep knowledge of the demands of the economic laws, in theory and in practice, and why it is necessary to keep them in mind in every activity constitutes a necessity and the

starting point from which the scientific level of the organizational and managerial work of the party organizations and state and economic organs can be raised in order to make this management and organization as effective as possible.

Instances of the violation of the unity of the plan and its implementation, in all its indicators, is not limited only to the relations that exist between the construction and transportation industries on the one hand, and the other branches of the economy on the other hand; it exists within the different branches of the construction and transportation industries themselves; in fact, these violations are often the reason for disunity in the plan at the ministerial level, as well as on all levels of the economy.

The managers of the communications enterprises can be proud of themselves because last year they fulfilled and surpassed the tasks for accumulation, but behind the global figures for the accomplishment of these tasks were hidden many of their job deficiencies in this field. We stress this point, because if we were to analyze carefully the sources of this accumulation, we would find that 37 percent of it was from demurrage charges caused by late loading and unloading of the means of transportation by shippers and receivers of goods. Can we consider this accumulation as real? In no way. Looking at the problem on the basis of the demands of the economic laws of socialism and the interests of the whole economy, we find that this is a false accumulation, because in this instance our economy, on the whole, not only has not realized this accumulation, but has shown a loss; a loss which has exposed those enterprises which have paid the transportation enterprises demurrage charges for late loading and unloading. This failure to realize the tasks of accumulation realistically and in the proper way applies to the transportation enterprises as well.

The same thing can be said about those enterprises responsible for producing construction materials, which last year produced 2.8 million less roofing tiles than was planned; the pledges made to overfulfill the plan after the effects of the earthquake were surmounted were not fully realized. In addition, in many construction enterprises the planned tasks for utilizing machinery and motor vehicles are not fulfilled, not because it is impossible to do, but because motor vehicles are not treated, maintained and utilized as they should be. These matters play an important part in fulfilling the duties of the plan in construction, especially at this stage when the level of the mechanization of work has increased, and must increase even more now when higher rates of growth are needed. This is one of the principal reasons why last year the duties of the plan in construction were not fully realized.

The question arises: what is the reason for these negative phenomena and how can we isolate them? Here many problems are brought to light which should be carefully brought forth and analyzed, starting with every sector and every cell of the management and organization of work in the construction industry, as well as in the communications industry, and some of them should attract more attention than others.

In addition to the exact knowledge of the implementation of the economic policy of the party, and of the demands of the economic laws of socialism in whole process of the drafting and fulfillment of the plan, a necessary condition for a scientific organization and management is a sound knowledge of technology and its strict and rigorous implementation.

In our country all the conditions to master advanced technology have existed for a long time, and under the influence of the all-encompassing work of the work of the party, the mastery of skills, technology and economic sciences, today, has become one of the most distinctive characteristics of the working class, the cooperative peasantry and the people's intelligentsia. Nevertheless, there are a number of workers who after having finished school and gone to work, do not make the necessary effort to continue to expand their knowledge, and as a result they stay in place and even lose the knowledge that they had gained. As a rule they become simple practitioners, incapable of following the advances of science and technology, unable of properly understanding and evaluating the importance, the core and content of advanced experience and implementing it concretely in the area of their work; they do not understand or properly evaluate the importance of technical and scientific disciplines; they violate them, not understanding the economic laws clearly; as a result they do not properly evaluate the qualitative indicators of production, and so on. Therefore, the Seventh Plenum of the Central Committee of the party set down the duty that in the future the workers are to be encouraged and helped to become, once more, capable of expanding their knowledge. This continuous expansion of knowledge, which should become educational for all, should start in the schools, whose duty, among other things, should be to work better and more to instill into each student love for their profession, strong technical and scientific convictions, so that as these students go out into life they will faithfully respect the demands of the technical and scientific rules and laws.

The Seventh Plenum of the Central Committee of the AWP recommends that the organizational and structural format must not remain rigid; it must be made to respond better to the tasks which are laid down for the economic development of the country now, and in the future.

It is a fact that again and again important measures have been taken to improve the structures of organization and management, starting with the basic units of production in the economic enterprises and agricultural cooperatives up to the districts and the central government departments. Some of the measures taken include the building and specialization of new enterprises, the construction of hydroelectric power stations and other large industrial works, the production of prefabricated parts of concrete and reinforced concrete, the expansion and specialization of construction planning institutes, and the establishment and continued strengthening of planning offices in the executive committees of the people's councils in the districts, and improving the structure of government departments and so on.

The party requires, that parallel to the dynamic development of the economy, of science and technology, these structures should be studied and re-examined time and time again. The goal is to have the best possible harmony between the organizational and managerial structures and the new duties and demands of our development, so they can become as flexible as possible for a quick and highly effective solution of problems which crop up continuously.

Surely the development of science and technology and the improvement of technological processes are continuous and dynamic. This improvement takes concrete form, first of all at the grassroots, in the production and construction units. It is here that new ways and methods for the organization of work and production are born, and then the needs emerge, according to the situation, for new forms and methods for management and organization in the superstructure.

The construction of apartment buildings using prefabricated reinforced concrete parts is a revolutionary idea in the construction of dwellings; it makes a transition from the small business methods of construction into industrialized methods; with work productivity which is six times greater. However, the organization and management of work at the "21 December" enterprise in Tirana responsible for the assembly of these apartments, in spite of all the efforts that were made, has not produced the results that were expected from the use of these industrial methods of construction. This is because the organizational and managerial methods that were used were not applicable to this kind of construction. For instance, the structure sites and the enterprise sites, where this type of prefabricated construction takes place, have remained unchanged, and are not suitable for these new forms and methods of industrial construction. This preoccupation with this problem has given rise to valuable ideas and propositions, which deserve careful attention and must be accompanied with concrete measures, combatting signs of procrastination. Problems of this nature can be found everywhere. Therefore, while the industrialization of construction, in all the country, has been and is moving forward at a fast pace, it is necessary to perfect the methods and forms of organization and management in the same direction, in order to assure the effective transformation of construction sites to assembly sites.

The rapid pace of the economic development in our country has led to the development of the transportation system. For example, the railroad system has grown considerably in comparison to what it was a few years back, and new railroad lines are under construction. As a result, the volume of rail transportation has been expanded, and at present comprises 40 percent of the volume of the total transportation carried out by the enterprises of the Ministry of Communications; the forecast is that by the end of the next 5 years it will carry out 50 percent of it. In addition to the expansion of the railroad system, rail traffic will increase considerably. Meanwhile, the production of heavy railroad equipment will increase at a higher rate. This also applies to the development of domestic and foreign maritime transportation, as well as to the production, within the country, of maritime facilities. This development, and its great future in this sector, require more advanced methods and forms of organization and management than those established many years ago, otherwise, this important material development, at present and in the future, will not be exploited with the necessary effectiveness.

It is due to our new scientific and technical success that we have been able to design and build, completely with our own forces, ships of 500 tons, and now we are working to produce ships of 2,750 tons. In addition different kinds of railroad facilities and railroad freight cars, with a 50-ton capacity, have been produced; a passenger car is being designed and so on. The work for the planning and construction of these facilities is taking place at construction sites where the chief activity is not the construction of ship and railroad equipment which is very important to their existence. Consequently, opinions have justifiably been expressed in regard to a special organization and management of work in the production of this equipment, which will reduce the need for imports and will open wide horizons for our technical and scientific revolution in the area of shipbuilding and railroad construction.

The problem of improving and raising the scientific level of the organization and management of work is not confined only to the enterprises for construction and communications, but also to the state organs in the district and to government departments. In one way or another, the improvements in the structures of the enterprises must be reflected in the work of the economic and state organs in the districts and in the central organs.

The construction and communication sections, responsible to the executive committees of the people's councils in the districts, have important responsibilities in the management of these branches of the economy in the districts, because they serve as important links in solving tasks and problems arising between government departments and enterprises; but experience shows that in some areas their work does not reflect, as it should, the duties laid down by the party for progressive work in the construction and communication industries. When we say this, we are speaking not only of the enterprises of the two ministries under discussion, but also of all the state and cooperative construction and communications systems in the district, because many of the duties of the plan in construction are accomplished outside the system of enterprises under the Ministry of Construction, such as the work that is carried out by other ministries and by the agricultural cooperatives; many other duties in the area of transportation of goods are accomplished outside the system of enterprises under the Ministry of Communications. They are carried out by the motor pools that come under the trade, industry and communal economy systems, and so on. Since the understanding of this problem in the executive committees of the people's councils in the districts is narrow, it happens that the organization of work in their construction and communication sections does not respond, as it should, to the planning and monitoring of the realization of duties in construction and transportation in all their scope. For example, if we were to ask any of these sections for a complete and accurate balance sheet of all the needs of constructions in the district, even for the most common construction materials, such as stone, gravel, sand, lime, and others; it would be hard to get it. In many cases materials, which in our country can be produced in large quantities, are in short supply.

These deficiencies in the organization and management of work in the construction and communication sections responsible to the executive committees of the people's councils in the districts are the weaknesses and faults of the organizing and managing work of the responsible ministries, which are in charge of organizing and implementing the policy of the party in the construction and communications industries in all areas, not only in the sectors controlled by them.

Today, when we have many cadres with a high level of scientific training, and when we have a great amount of experience in the management of the economy, it is entirely possible to raise the direction of this management to a higher level, in compliance with the requirements of this stage of our economic and social development. Therefore, understanding, solving and putting into effect the duties laid down by the Seventh Plenum of the Central Committee of the AWP, to use effective methods and forms of organization and management, is of great significance now and for the future.

The benefits of using scientific methods in organization are shown in the studies made by Comrade Lida Thomo, a mathematics teacher in the Agricultural Institute in Korce, to define the optimal variant of the plan for the distribution of coal within this area. Using the method of linear programming of mathematical sciences, she came to the conclusion that the expenses of the transportation of coal can be reduced by 34 percent in comparison with the plan that was approved last year. If this method of scientific accounting were to be implemented all over the country for the distribution of all products, our economy would have considerable savings in transportation, fuel and money.

At the present time the means exist and conditions have been created, especially in the central departments, to have scientific methods of this kind instituted widely in areas of planning, production and distribution. It is the duty of the basic party organizations and party organs to help and encourage able people to use these methods which concretely advance the scientific organization of work in the field of economy.

The very important decisions made by the Seventh Plenum of the Central Committee of the AWP to perfect the scientific direction and management of work, are an important work program for all the party and its levers, for the state and economic organs, for the mass organizations, and for all the workers. In this light, communists and all workers are tackling their activities; they are analyzing the weaknesses of their work, conclusions and duties in order to fully implement, at all levels, the decisions of this plenum, and to successfully fulfill the economic plans for this year and for the future.

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BULGARIA

FOREIGN TRADE IN AGRICULTURAL PRODUCTS, 1979

Bonn DIE LANDWIRTSCHAFT DES OSTBLOCKS in German Vol 18, No 22-23, 14 Jun 80
pp 4-5

[Text] In 1979 Bulgaria increased its export of essential and nonessential foods and beverages, as well as of raw materials for their production, by 112.7 million leva over the previous year. However, imports in these categories also rose--by 46.3 million leva--so that the trade balance in this category improved by 66.4 million leva. Within the export structure the above-mentioned categories have slightly decreased in importance, while there were changes between the two categories within the import structure. Specifically, the situation is as follows:

	<u>Exports</u>				<u>Imports</u>			
	1979		1978		1979		1978	
	Million Leva	Share %	Million Leva	Share %	Million Leva	Share %	Million Leva	Share %
Total	7,674.8	100	1,649.6	100	7,305.9	100	6,800.9	100
Raw materials for essential and nonessen- tial foods and beverages	146.0	1.9	128.0	1.9	269.5	3.7	212.2	3.1
Essential and nonessential foods and beverages	1,440.5	18.8	1,391.4	20.9	73.9	1.0	84.9	1.2

While the Bulgarian press breaks imports down only with reference to cotton (56,000 tons as compared to 55,000 tons in 1978) and sheep wool (750 tons against 1,100 tons in 1978), exports are listed as follows:

	1979	1978
Rose oil, kilos	1,100	1,200
Turkish tobacco, tons	68,000	59,000
Eggs, millions	362	290
Fresh tomatoes, tons	105,500	121,600
Canned vegetables, tons	275,000	269,000
Dessert grapes, tons	66,900	91,500
Table wine, million liters	195	174

9240

CSO: 2300

NEW DATA ON HUGE DOBRUDZHA COAL DEPOSITS

Sofia RUDNICHAR in Bulgarian 19 Jun 80 pp 1-2

[Interview with Academician Yovcho Yovchev conducted by Engineer Kosta Kostov: "The Dobrudzha Coal Basin Must Be Developed Boldly and Rapidly!"]

[Text] In recent years ever greater interest has been displayed in the Dobrudzha Coal Basin. It is not a question of ordinary curiosity but of the aspiration of our scientific institutes and specialized departments and organizations most actively to participate in resolving problems related to the development of this great national resource.

It is in this light that we must assess the special session held by the Presidium of the Bulgarian Academy of Sciences (BAN), of February last, at which the report submitted by our noted scientist Academician Yovcho Yovchev on the topic of "The Dobrudzha Coal Basin and Prospects for its Utilization" and the coreport by Vasil Zanchev, first deputy minister of power industry, were discussed.

On the basis of the report, the coreport, and the statements, the BAN Presidium adopted a number of decisions among which we shall note the followings:

The ETsNZ (Unified Center for Earth Sciences) and the corresponding branches of the BAN are instructed to study the report and coreport and to take them into consideration in formulating the plans for their scientific research;

The ETsNZ is instructed to study the approved programs for the development of the Dobrudzha coal deposit and, on their basis, elaborate and submit for approval a comprehensive program for BAN scientific work on the basin.

Thus, the BAN, or the entire scientific potential of the country, joins in this area the scientific potential of about 10 Soviet and 10 Bulgarian sectorial scientific research institutes. It joins in the solution of the problems for the development of the Dobrudzha Coal Basin. This is a fact which, by itself, speaks of their complexity and scale.

In order to satisfy the justifiable interest displayed by the readers of RUDNICHAR in some so far unknown and unpublished data on the Dobrudzha Coal Basin, a representative of the editors, engineer Kosta Kostov, asked Academician Yovcho Yovchev several questions which he answered readily.

[Question] Comrade Academician, a number of our noted scientists and specialists in the field of mining consider the Dobrudzha Coal Basin the biggest discovery made by our geologists. What could you tell us of the circumstances under which the deposit was discovered and about its discoverers?

[Answer] The circumstances under which the discovery of the Dobrudzha coal deposit became possible are not only interesting but quite demonstrative. Had one significant fact been underestimated and something which occurred then neglected, one could hardly have known today of the existence, in general, of a coal deposit deep within the Dobrudzha plain. Here is what I mean:

In our search for petroleum and gas in the country, in Dobrudzha in particular, we engage in essentially two types of drilling. The first is core drilling to determine the stratigraphy and lithology and, if possible, the tectonic structure, and study the qualities of individual formations, above all manifestations of petroleum and natural gas. The second type is structure drilling. Its purpose is to determine the existence of oil in the structures established in the course of geophysical studies.

In 1963 we completed the R-50 core drilling near Rakovski Village in Tolbukhin Okrug. Since core drilling usually takes place in formations with which we are either unfamiliar or poorly familiar, it had to be conducted with the full extraction of a core so that the samples could be subjected to comprehensive study. In practical work, however, it frequently happens that the immediate geological managers (particularly when they want to achieve high drilling productivity and high fulfillment of the volume plan) do violate the established method and instead of the use of a core extraction method test the drilled intervals on the basis of the cuttings ejected in the course of the drilling.

I have frequently been concerned by the fact that we are not always applying the necessary control and required exactingness. I have frequently assigned responsible geologists to conduct the proper investigation. That is why, when a depth of 1,300-1,400 meters was reached at the R-50 drill, I assigned geologist Anton Atanasov, the chief of the Petroleum and Gas Department, to make the necessary control and bring to me samples so that I may consider them personally. Three to four days later he came back with the samples. The so-called "black stripes" were immediately visible. However, looking closer at one of the samples, I noted one piece with a diameter of about two centimeters. I broke it up and weighed it. It proved to be very light. I was thus able to establish that this is a piece of an excellent seam of hard coal. Despite the objection voiced by

geologist Atanasov that such black stripes were found in large numbers east of Bucharest, looking for petroleum and natural gas, yet without discovering coal seams anywhere, I immediately entrusted engineer Yordan Vavov to draft a plan and an order for slanting the R-50 drill at the 800 meter depth and engage in core drilling to the maximum possible depth and, at all costs, cut across the formations which had yielded these black stripes. My order was executed and, after a while, at a depth of slightly over 1,300 meters, the drill came across a coal seam about 11 meters thick with cokable qualities. This fact provided me with grounds to undertake the tracing of the seam in terms of area and depth. This enabled us to discover the great availability of coal in Dobrudzha or, more specifically, the Dobrudzha Coal Basin.

[Question] On the basis of the results of the drill studies how would you describe the basin and the quality of the coal itself?

[Answer] Following the discovery of the first coal seam, at my request, the USSR minister of geology sent us three specialists--an experienced coal geologist from the Donbas, a hydrogeologist, and a geological engineer. With their help, from 1964 to 1969 our geological prospectors surveyed the basin with about 60 drills. The processed data were described in a special report submitted to the geology fund of the Committee on Geology.

As a result of the studies three coal formations were identified at a depth of 1,300 to 2,000 meters. The uppermost one, described with the index N includes seven industrial seams totaling an overall amount of about 300 million tons of high caloric hard coal. The M stratum, under it, has 12 industrial seams totaling about 900 million tons. In other words, the two upper formations total some 1.2 billion tons of high grade hard coal with an average calorificity of 6,000 kilocalories per kilogram. Laboratory studies indicated that they may be cokable in a batch to the 35-40 percent level, with the possibility to raise it to 60-70 percent.

A total of 41 coal seams with cokable qualities were identified in the lowest L formation. However, since the seams here are leaner and unsustained throughout the entire area, no computations have been made as to the volume of the deposits with the initial geological report and no detailed studies of the coal have been conducted.

[Question] Considering the current circumstances has there been a change in the viewpoint taken on the possibilities of the L formation?

[Answer] Yes, such a change has already taken place. This occurred in recent years as a result of our insistence that possibilities for the discovery of new reserves of cokable coal in the Dobrudzha Basin be tested through a new method according to specifications, bearing in mind the increased needs of the country and the sharply increased price of coal on the world market.

Following the formulation of new specifications for cokable coal with a lower limit of 0.40 meters seam thickness, and having carefully studied the initial data on computing the deposits in the L formation, we assumed that reserves would be increased by several hundred million tons of cokable coal. Engineer Ivan Boshinov and I proved the existence of 910 million tons of such coal with an average calorificity of 5,000 kilocalories per kilogram. Consequently, the proven deposits of the C₂ category in this basin reached 2.1 billion tons, half of which cokable. Assuming that our preliminary estimates will prove to be accurate, it is possible that the entire potential of possible and forecasted reserves will exceed three billion tons should the carbon be found up to the 2,000 meter depth level. I believe that this impressive figure will be confirmed in the next few years.

[Question] For many years you have studied the Dobrudzha Basin and you could probably tell us what other raw material potential it may have.

[Answer] The use of the apparent coal deposits alone will be of tremendous importance to the country's economy. However, this does not cover the entire advantage of the development of the Dobrudzha Basin. The studies we conducted with the ashes of the M formation coal proved that the content of bialuminum trioxide averages 33 percent and, in the thickest seams, up to 35 percent. Preliminary estimates have indicated that the reserves of this raw material total tens of millions of tons. The full study of this problem with the necessary technological testing can and must take place following a detailed study through the drilling of shafts and cutting across the seams of the M formation. We believe that this will take place in the next few years. The problem is of interest and must always be kept in sight by the specialists, for it is directly related to securing the country with raw materials for the production of aluminum and highly refractory materials.

The potential of this basin could be enriched by considering, as of now, the utilization of the practically inexhaustible amounts of Valanginian water in the formations above the coal. They are the main reasons for the difficulties in drilling shafts and, in general, the development of the basin. The latest studies indicate that their flow ranges in the vicinity of 500 liters per second. I believe that the utilization of these waters could yield very substantial results, for they are fresh, with a temperature of about 26 degrees, and could be used for irrigation and even for drinking water which is so much needed in this part of the country.

The waters in the coal seams have a very low debit and their elimination in the course of the exploitation will be no major problem. It has been determined, however, that in terms of their mineral content they are similar to brine, containing 110-120 grams of salt per liter. Laboratory studies have indicated that in addition to a great deal of ordinary salt (sodium chloride) they contain strontium, bromium, a little bit of iodine,

and some other very important useful components of industrial interest to the country. The utilization of such waters will be necessitated also by environmental protection requirements, for dumping them into the sea would be fatal to the marine fauna. A special project is already being planned for the solution of this problem, to be developed by Bulgarian and Soviet specialists. I believe that the Committee for the Protection of the Natural Environment should participate in this work as well.

[Question] Comrade Academician, you are known among our public as the most consistent and most enthusiastic promoter of the daring and fastest possible discovery and development of this still largely unknown coal deposit. What is the origin of your internal spontaneous conviction and irrepressible feelings?

[Answer] Before answering this question let me add that in addition to the classical method for the use of coal, mainly as a source of energy and coke manufacturing and heating, in recent years, as a result of the crisis phenomena which developed, mostly related to petroleum prices, and the emerging exhaustion of worldwide deposits of this most valuable raw material, great attention is being paid to the utilization of coal for the obtaining of liquid fuels. This is yet another possibility which indicates the importance of having substantial deposits of high caloric and high-carbon content coal. Emphasizing this importance, I link it with the major problem of the maximum utilization of the reserves of such coals, which depends to the greatest extent on the type of exploitation to be applied in the development of the deposit. This excites me a great deal, for I know that the preliminary technical-economic report submitted by Minproekt calls for the use of the caving system which, if accepted, would lower the potential of this big basin, for it results in great operational losses. Under such a system we could hardly hope to extract even 30 percent of the deposits which the balance of this valuable raw material whose significance is coming ever closer to that of petroleum and natural gas would be lost forever. Future generations and history would never forgive us this. We know that using the filling system operational losses range from 10 to 15 percent depending on circumstances. So far, however, this alternative has not been developed for the Dobrudzha coal deposit so that its effectiveness could be studied. Naturally, in our choice of an extraction system we should take into consideration not only the exceptionally important economic prerequisites of coal shortages (coking coal in particular), and the possibility to extract liquid fuels from them, but the great disadvantages of the caving system. Such a system could result in substantial coal fires and gas expansions and the possibility that natural or artificial cracks may develop would not be excluded, thus making possible a flood of Valanginian waters with catastrophic consequences and, above all, great risk to human life, whereas this would not occur with the filling system.

Now as to my consistency and irrepressibility for progressing boldly and as quickly as possible to the opening of the deposit and its development.

The real fact is that a great number of years had to pass before not only the discovery but the confirmation of the tremendous economic potential to the country of the Dobrudzha Coal Basin while we failed to take more specific and radical measures to accelerate its development. This is the prime reason for the voicing at all scientific, political, or economic forums of my irreconcilability with the inertia which had gotten hold of us until several years ago. Neither the irrevocably lost global concept of the unpromising nature of hard fuels, the difficulties presented by the exceptional geological and hydrogeological conditions of the basin, nor any fear that I may lose my position have been able to force me into changing the course I have followed in terms of the Dobrudzha Basin, the Maritsa-Iatok, Kremikovtsi, and other deposits. I think that we, the specialists, are continuing to pay a heavy price for our fear of difficulties. How else could we explain our hiding behind programs according to which the extraction of coal from the Dobrudzha deposit should begin almost as late as the year 2000! All this is despite the difficult situation with coke and high caloric coal prevailing in our country. It is true that the conditions are exceptionally complex, so far unsurmounted in world practice in the development of coal deposits. However, 30 to 35 years after similar difficulties were surmounted in South Africa, Canada, Iran, and other countries, how is it possible to accept that under the conditions of the scientific and technical revolution and contemporary science and practice in mine building and, specifically, the use of special methods, we would be helpless in the face of the difficulties of surmounting the Valanginian water stratum? I believe in progress and in the genius of man. This is the origin of my spontaneous internal conviction that we must progress daringly and as rapidly as possible in the determination and development of the Dobrudzha Coal Basin.

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REPLACEMENT AND ALLOCATION OF LABOR FORCE DISCUSSED

Prague PRACE A MZDA in Czech No 5, 1980 pp 234-240

[Article by Engr Milos Pick, Federal Ministry of Labor and Social Affairs: "Modifications of the System of Managing the Reproduction and Allocation of Manpower Under the Seventh Five-Year Plan"]

[Text] The modifications of the system of managing manpower under the Seventh Five-Year Plan start out from the overall concept and principles of modifying the system for the economy's planned management, pursuant to the Federal Government's Resolution No 42/1980, and also from the results of the development of manpower to date and the prospects of its future development.

The essence of modifying the system for the economy's planned management lies in an effort to improve the effectiveness of planning, particularly by reinforcing its target-program approach, longer range and proportionality, and also in an effort to develop khozraschet, more intensive material incentives, and more effective use of economic instruments to improve effectiveness and quality (particularly of the so-called norms of material self-interest).

So far as the actual problems and situation in the area of manpower is concerned, the degree of utilizing manpower resources in the CSSR has evidently reached its upper limit. Predominantly population growth will be the source of a further extensive increase in employment within our economy, and therefore this increase will be limited considerably. The rate of accession to the labor force under the Seventh Five-Year Plan will be only 0.3 percent a year. Therefore the main source for the future will be more efficient utilization of manpower, which will depend on the more effective allocation of manpower and its more efficient use, i.e., on the highest possible productivity of labor.

Up to now, however, efforts to make more effective the structure of manpower allocation--particularly by reinforcing the developing and promising sectors at the expense of the declining ones--are not proceeding adequately and are hampered also by the low mobility and adaptability of the labor

force. Only about 4 percent of the workers within the productive sphere are employed in trades where labor productivity matches the world level, and the shutdown of unpromising operations releases each year only about 1 percent of industrial employment, even though it is estimated that it would be expedient to release approximately ten times more workers in this manner.

The rise of labor productivity depends particularly on technological progress, i.e., on raising the level of mechanization and automation and the performance per unit of machinery and equipment, on modernizing and concentrating the fixed capital, and on its more effective utilization particularly by raising the shift index, on reducing the losses of working time during the shift and absenteeism, etc. The rise of labor productivity has slowed down considerably in recent years, despite the considerable reserves in employing and utilizing new technology and the working time. Whereas the rise of labor productivity within the productive sphere averaged 5.4 percent a year under the Fifth Five-Year Plan, during the past four years (1976-1979) labor productivity rose only 3.4 percent a year.

Therefore also a more effective system for managing the reproduction and allocation of manpower must help to make manpower utilization more effective and better than up to now. On this occasion it will be feasible to call attention to only some modifications of this system for the period of the Seventh Five-Year Plan.

The state plan will remain the basic instrument for regulating the number of workers. Basically for all organizations other than the JED's (unified agricultural cooperatives), the state plan will set obligatory manpower limits that may not be exceeded. On the JED's, the number of workers will be regulated, as before, in the form of obligatory agreements.

Of course, the overall modification of the system of planned management is intended also to help uncover and exploit the reserves for the more efficient utilization of manpower, respectively for raising labor productivity. In view of the aforementioned high degree of the utilization of manpower resources, however, it would be unrealistic to assume that exploitation of these reserves could significantly relieve the tight manpower situation.

In the immediate future we evidently will not be able to use the reserves of higher labor productivity to increase the growth of material production on a wide front. On the whole it will be necessary to slow down, rather than increase, the growth of material production, because of other limited possibilities, particularly in the area of energy, raw materials and import. But selected manufactures that are the most efficient, and are able to develop primarily through effective export, may get the green light to accelerate the growth of their material production. Therefore it is feasible and expedient to use the reserves of higher labor productivity primarily to release manpower in a planned manner, for the most efficient sectors that are undergoing development. Even at the present constant rise of the proportion of employment in the so-called tertiary sphere, moreover, some service industries are still underdeveloped by international comparisons; therefore the reserves of higher labor productivity in the production

branches can be used also for a further planned reallocation of manpower, in favor of the tertiary sphere.

Even if we assume that the use of manpower at organizations will be more efficient, there will be no surplus of manpower, and therefore it will not be possible to relax the manpower plan's obligatory nature and effectiveness. For if we were to tolerate "inflation" of the manpower demand, the enticing of workers would further undermine their morale, reduce the efficiency of manpower utilization, and the greatest shortages of manpower would occur in the key sectors where it is already difficult to attract workers.

Attempts to resolve the imbalance between manpower demand and manpower resources in ways other than by the obligatory instruments of the plan would again be associated, among other things, with considerably inflationary pressures on wages and prices. Therefore the organizations cannot direct their efforts toward increasing or even exceeding their planned employment, and instead they must strive to raise labor productivity and save manpower.

This should be enhanced also by material self-interest, including the system of regulating wage resources. (For a more detailed explanation of the system of regulating wage resources, see the article by Engr E. Moravec in *PRACE A MEDA*, No 4, 1980.) In this context it will be expedient to merely mention here that particularly the basic component of wage resources (including wages based on rate schedules, or about 80 percent of all wage resources) should support relative and absolute savings of manpower. If labor productivity is exceeded in comparison with the five-year or annual plan -- in other words, if manpower is saved while the production tasks are fulfilled or exceeded, expressed by the indicator of adjusted own performance or in terms of constant units of labor or wages -- then also earnings may be raised commensurately. And in the final outcome also the incentive component of wage resources must support savings of live labor that are the main source of raising overall effectiveness. This will be true particularly where the incentive component of wage resources is tied to the so-called indicator of the profitability of production factors. This indicator supports also the replacement of manpower with new technology, to a much greater extent than does the indicator of the profitability of productive capital. Of course, also the wage systems and more effective use of their proven incentive forms -- piece wages, bonuses and premiums -- must help improve performance and save live labor. The link between incentive wage components and the profit centers' results within the enterprise must be revised, and the feasibility will be considered of not only a one-time premium but also of permanent wage preferences, for intensified work by which it is possible to ensure the production tasks with fewer workers.

Sound management of manpower is to be enhanced also by more effective management of work rationalization and work norms. Despite some partial results in years past, we have been unable to adequately promote the constant and purposeful development of this activity. The present situation indicates that the development of this activity is based predominantly on

voluntary activity and initiative, and that up to now it has not become one of the important instruments of management. Under the Seventh Five-Year Plan, therefore, the organizations will determine in a planned manner the objectives, tasks and contributions of work rationalization. It will be the duty of every economic production unit to set for its subordinate organizations the obligatory proportion of work rationalization within the rise of labor productivity. Planning and realization of these tasks will start out from the principal directions of work rationalization (announced by the ministries of labor and social affairs), and from the related five-year departmental branch and enterprises concepts and annual plans of work rationalization at the organizations. Parallel with this scheme, exceptional attention will be devoted to perfecting and spreading the performance, servicing and staffing norms for the principal activities, and also for auxiliary, service, managing and administrative activities. Objectivization of the manpower norms is anticipated in conjunction with the program for increasing the wage system's economic effectiveness.

Last but not least, sound management of manpower is to be enhanced also by perfecting the planned management of personnel and social development, areas in which many problems remain unsolved. The management of personnel and social development will now become an integral part of planned management. Similarly as for other areas of activity, for the decisive tasks in these areas there will be long-range programs as parts of the long-range and five-year plans, and annual operational plans as parts of the economic plans, up to the level of the central organs for the branches. In this way a further step will be made toward setting the tasks in a longer-range perspective, and toward reducing randomness in making decisions as to what tasks to realize from the planned resources and in what sequence. Here the objective is not only to satisfy the more immediate needs of the collectives, but also to create the personnel and social prerequisites for mastering the demanding tasks of the Seventh Five-Year Plan.

Even under the mentioned retention of the manpower plan's obligatory nature and unexceedable limit, and under the enterprises' basic orientation toward raising labor productivity and saving manpower, the role of the economic production units in managing manpower is to be increased at least partially. Observation of the limits on manpower will no longer be evaluated separately for each organization, but jointly for all organizations of the appropriate economic production unit within an okres. In addition, within certain (as yet very minimal) tolerances, it will be possible to compensate the exceeding of these limits and their shortfalls (for all the organizations of the given economic production unit) also between okreses in the same kraj. Here it is assumed that the differences in the manpower situation within an okres usually can be equalized through daily commuting. But commuting from considerable distances usually is an undesirable burden on the workers, and therefore transfers of manpower between okreses usually are accompanied by a greater degree of population migration and encounter a series of obstacles --including housing construction--that restrict the greater mobility of manpower in our country.

The mentioned minimal equalization of plan fulfillment between okreses in the same kraj does not yet allow the economic production units greater unplanned interventions in the allocation of job opportunities or manpower between okreses, but it could at least eliminate the present permanent minor changes in the plan's breakdown by okreses. These minor changes pose a considerable administrative burden for the economic production units and the regional organs (the kraj national committees). The main conceptual task of the economic production units in the allocation and concentration of job opportunities, respectively of the production base, between okreses in the same kraj must manifest itself already in drafting the plan, particularly the long-range plan. However, the economic production units' opportunity to flexibly secure the plan within okreses will be broadened considerably.

Even in the present complex situation of the economy, the long-range nature of the manpower plan is to be reinforced considerably.

The manpower limits will be set in the five-year plan, and will only be amended in the annual plans. If this amending exceeds the allowed tolerance, the five-year plan for the given level of management will be changed comprehensively. This will make for more stable economic conditions that are also the basis of the economic production units' and enterprises' long-term material self-interest.

Simultaneously with the Seventh Five-Year Plan, approximate manpower limits will be set also for the Eighth Five-Year Plan. This longer-range orientation is essential for the planned training of skilled manpower, and also for the allocation of new job opportunities, especially for coordinating investment starts with the real manpower resources.

In this way we hope to gradually overcome the situation under which the plans for the training of skilled manpower (in apprentice-training institutions, secondary schools and higher educational institutions) are not always thoroughly coordinated--within an appropriate lead time of five to ten years--with the long-range need of manpower reproduction. These plans often are based more on the size of the younger generation and the capacities of the apprentice-training institutions and schools, rather than on a reliable knowledge of the long-range demand for workers with given skills. The reasons for this may be varied. Low reliability of the long-range developmental plans, including the manpower plan. Shortcomings in the methods and quality of the skilled-manpower plan. Disproportions in the capacities of the apprentice-training institutions and schools. The structure of the younger generation (by sex), and an imbalance between choice of professions and the structure of the demand for skilled manpower, i.e., little interest in some professions. Whatever the reasons, the consequences are very serious.

Today, when all other manpower resources are exhausted, the younger generation accounts for 85 percent of the total accession to the labor force.

Mistakes in directing the training of skilled manpower can no longer be corrected with other manpower resources (for example, with women from households) as was the case in the past. Sometimes this leads to the opposite situation, when the annual or five-year manpower plans must be adapted to the need of finding employment for the trained apprentices and school graduates, which certainly does not contribute toward sound use of manpower. As an extreme examples we could cite the excessive growth of the administrative apparatus, the causes of which evidently include also disproportions in training replacements for certain professions.

In the future the skilled-manpower plans will have to be coordinated more closely with the long-range demand for manpower (with its so-called supplementary demand that includes planned increases and replacements for attrition). At the same time, the structure of the plan for training skilled manpower must be coordinated with the manpower's necessary vocational structure, influenced also by the plans for structural changes (particularly by the so-called target programs), and by the plans for technological development and the reproduction of fixed capital. Also the instruments for the realization of the skilled-manpower plan, particularly of the plan for the allocation of youths (which determines the scope and structure of training skilled manpower), must take more sensitively into consideration the differences in the social urgency and difficulty of recruiting for the various apprenticeship trades and branches of study. In the future the extent of recruitment for priority trades must be an obligatory task of the plan, one that must be fulfilled and preferably overfulfilled, whereas the extent of recruitment for the other, nonpriority trades and vocations must be an absolute limit for the schools and organizations (respectively for the organizations' apprentice-training institutions).

Observation of these unexceedable limits--similarly as of the limits on the organizations' total employment--must be ensured also by appropriate material sanctions in cases when the limits are exceeded. On the other hand, we must continue to support training for priority trades with advantageous material and financial provisions for the apprentices, and it will be expedient to seek similar solutions also in the differentiation of the scholarships that enterprises provide for students.

Simultaneously this long-range orientation must provide the basis for overcoming more forcefully the present disproportion of long standing, between the reproduction of fixed capital and the reproduction of manpower. Analyses indicate that merely in industry alone there are approximately 500,000 job opportunities that remain vacant. Therefore job opportunities in industry cannot be increased further, rather they must be reduced gradually, through consistent orientation primarily on better utilization of existing capacities and on modernization investments, to save manpower.

A set of measures to ensure harmony between the reproduction of fixed capital and the reproduction of manpower, and to replace manpower more effectively with machinery, serves this purpose. It includes the entire range of the plan's instruments, for example: the state plan's target programs,

some of which will be oriented predominantly on saving manpower; long-range concepts for the development of selected industrial localities; long-range programs, prepared by the economic production units, for modernizing and concentrating their production base and for increasing the shift index; obligatory tasks for increasing the shift index of selected capacities, by transferring workers from operations that are to be phased out; obligatory tasks for shutting down plants; and investment programs for progressive modernization, aimed at saving manpower. In the final outcome the set of measures includes also material self-interest in effective economic activity, including also the effectiveness of the reproduction and use of fixed capital and manpower (particularly of the funds, respectively of the production factors, in terms of the adjusted own performances).

But not even the greater effectiveness and better utilization of fixed capital could in themselves guarantee gradual elimination of the imbalance between the number of job opportunities and the manpower resources.

Therefore a methodologically uniform system must be developed for verifying how to ensure manpower for the built capacities. This verification must be made already at the time of preparing the investment and including it in the plan, i.e., before the commencement of capital construction and not subsequently, at the time when the investment is nearing completion. Every investment in the future will be contingent on proof of the following: that the objective cannot be attained without investments, through the better utilization of job opportunities at existing interchangeable capacities; that the job opportunities at the built capacity will be utilized; that transfer of manpower from other existing capacities will not worsen their utilization; and that additional manpower resources for the built capacity, from capacities that will be shut down after the commissioning of the new capacity, and from the projected manpower resources for the given region, are realistic. In addition to proof of the above conditions, so-called balances of jobs or job opportunities will be introduced gradually. These balances will match the utilization of fixed capital with the utilization of manpower. Both the central agencies and the regions will have to thoroughly prepare and process these documents, comparing in them the manpower resources for the duration of two five-year plans, which at present usually corresponds to the realization cycle of investment projects.

Potential inflationary demands for additional manpower are to be curbed gradually in this manner. These demands stem from the surplus of job opportunities created by the extensive orientation of investments up to now.

Even if fulfillment of the planned numbers of workers is entirely satisfactory on average, there are considerable difficulties in ensuring manpower for certain key sectors and regions that lack as many as a thousand workers in comparison with the plan. This task will become even more demanding. At a declining total accession to the labor force, it will be necessary to supply the developing sectors to a greater extent through the reallocation of manpower, at the expense of the sectors that are to be phased out. Up to now, however, the success of such reallocation has been inadequate. Besides an entire set of other reasons and obstacles, this is caused also by

a dissipation of the existing preferences along an excessively wide front. An entire range of preferences is used, but these are offered in an uncoordinated manner, to perhaps between one-third and one-half of all workers in the national economy.

For the period of the Seventh Five-Year Plan, a coordinated system of priorities is to be developed for the preferential supply of manpower. The range of priorities will have to be limited considerably, to at least one-third of the present range.

As a rule, the priorities will have to be set for a five-year period, particularly to ensure the decisive structural and regional changes. The selection of priority organizations will have to be weighed carefully on the basis of objective criteria. Such criteria are particularly the developmental nature, export performance and technical-economic level of production expressed in terms of world standards; the importance of smooth operation from the viewpoint of the national economy; the technical-economic nature and regimen of the plants' utilization; the difficulty of the working conditions; and regional aspects. These criteria must be spelled out in more detailed principles, on the basis of which it will then be possible to select the organizations. Operational additions to the chosen organizations in the annual plans should be exceptions for unforeseeable cases.

All proven instruments should be concentrated on providing effective preferences for the priority organizations. This applies particularly to preferences in the manpower plan's breakdown while utilizing all the possibilities for raising labor productivity; in the plan for the allocation of youths and graduates; in the plan for transferring workers from the phased-out operations; in the breakdown of the plan for housing construction to reduce the labor turnover; in the breakdown of the plan for the formation of wage resources; in specified cases, also through exceptional forms of recruiting manpower, etc. On the basis of past experience, only selected groups of workers at priority organizations should be granted preferences, on the basis of special regulations, for example, in receiving loyalty bonuses, in the financing of housing construction, etc.

An inseparable part of the priorities must be also the release of manpower from the sectors that are to be phased out. At the same time, however, also a proportion of the other plants that will not be shut down, but whose production will grow at a slower rate than what the possible rise of labor productivity will allow, should release a proportion of their manpower, on the basis of modernization or other rationalization measures. This, of course, will require also the solution of all the social conditions, including the application of the measures that offer financial provisions for relocating workers, pursuant to Decree of the Federal Ministry of Labor and Social Affairs No 4/1979 Sb. But it should be emphasized that the prerequisites for the effectiveness of these measures are twofold: on the one hand, the circle of priority organizations and preferred workers must be narrowed considerably; and on the other hand, a sufficiently wide range of sectors must be designated from which manpower is to be released.

In conclusion it should be emphasized that on this occasion we were able to call attention to only a few of the main questions. From their nature it follows that even in the discussion of these few questions it was not possible to concentrate only on what has to be changed in the future, and instead it has been necessary to point out which of the instruments will remain basically unchanged and why. The mentioned questions cannot be solved in an isolated manner, and their solution can be effective only in a set with all the other substantive and systems measures for improving the effectiveness of the economy's development under the Seventh Five-Year Plan.

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GREATER TRADE UNION ROLE IN ECONOMY STRESSED

Prague PRACE in Czech 28 May 80 p 3

[Text of opening speech by Karel Hoffmann at 9th Plenary Session of Central Council of Trade Unions]

[Text] Comrades: in the four months since the last plenary session of the URO [Central Council of Trade Unions], we have noted events which fundamentally affect present-day life and the future of the workers.

The nature of our organization requires that we express our views of them and suggest what consequences for the further activity of the Revolutionary Trade Union Movement [ROH] follow from them.

We have celebrated the 35th anniversary of the liberation of Czechoslovakia by the Soviet Army and the 35th anniversary of the formation of ROH. We have expressed our profound thanks to the Soviet people, whose limitless heroism and great sacrifice brought victory over fascism and freedom to many peoples of Europe and the entire world. We have again stressed our support of the Communist Party of Czechoslovakia and our firm resolve to improve trade union activity and to increase our participation in the construction of a developed socialist society, in implementing the program of the 15th KSC Congress, in assuring the workers a happy life, and in the struggle for peace.

We welcome and actively support the call to activate the struggle "For Peace and Disarmament" approved at the Conference of European Communist and Workers' Parties in Paris and the Declaration and Statement of the Political Consultative Committee of the Warsaw Pact, because implementation of the proposals contained in these important documents will contribute to political and military relaxation of tension in Europe, to limitation of the feverish arms buildup, to an overall improvement in the worldwide political atmosphere, and ultimately to a strengthening of the security, freedom and independence of peoples, to the development of international cooperation, and to disarmament and world peace.

We trade unionists accordingly will do everything possible to assist this process, to contribute in the international trade union movement to the unification of all peaceful, progressive, democratic and revolutionary forces and movements, and thus to oppose a strong barrier to the most reactionary forces of imperialism, which have made the current administration in the United States their main tool, have begun to engage in risky attempts to change the worldwide balance of forces, have enthroned a policy of force and confrontation in international relations, are inciting military conflicts, and are trying to dictate their will to others and to interfere in the internal affairs of other states.

Our organization, 7 million strong, declares that it fully supports the peaceful policy of the Soviet Union, Czechoslovakia and the other socialist countries. We take and will continue to take a firm position of resolute opposition to militarism and world reaction, in a common front with all fighters for lasting peace in the world.

Comrades, we consider it right to give the Central Council of Trade Unions an account of the actions of the leading URO officials in the discussion of the electoral proposal and in the election of a president of the CSSP.

I am firmly convinced that we spoke for you when, as in 1975, we unanimously supported, in the name of the URO and the entire ROH organization, the proposal that following a successful five-year period in office, General Secretary of the KSC Central Committee Comrade Gustav Husak, who enjoys great confidence, respect and honor among the broad masses of the workers, should again be elected President of the CSSR. The days that followed have convincingly shown that the reelection of Comrade Gustav Husak is in accord with the opinions of the workers, and that it was received with deep satisfaction, heartfelt approval and active support by all citizens who are concerned with the fate of socialism and who wish to assure a happy life for themselves, their loved ones and future generations.

I recommend that this session offer Comrade Gustav Husak yet another heartfelt expression of congratulations on his reelection, wish him good health, and assure him that both he himself, as General Secretary of the Central Committee and President of the republic, and the Central Committee and the entire party, can always count on our support in their worthy activities for the workers, for socialism and for peace.

Among the especially important events which directly affect the activity of the Revolutionary Trade Union Movement is the 15th session of the KSC Central Committee. It is important in particular because the conclusions of this session, contained in the report of the Central Committee Presidium presented by Comrade Vasil Bilak, inspire a further comprehensive development of ideological, educational and mass political activity. In addition they constitute great support for our efforts at more conspicuous improvement of ROH activity which were called for by the seventh URO plenary session. This important question, which was discussed by the 15th party Central Committee session, was considered by the URO presidium, which undertook to

draw up a special draft decree on increasing the effectiveness of ideological and political education work by the trade unions. In addition, we expect to deal with these questions at a session of the Central Council of Trade Unions before the end of the year.

However, we consider it necessary to direct attention to certain tasks of ROH now, at the ninth URO session.

The 15th KSC Central Committee session gives a reliable orientation as to how to connect the political education tasks mapped out by the Ninth Trade Union Congress, and the conclusions drawn from the critical evaluation of their fulfillment at the fifth URO plenary session at the end of 1978, with the practical tasks of today and with a decisive effort to master the demanding requirements of coming years, how, in close union with everyday political organization activity aimed at creative labor activity, to foster the growth of the socialist man, and how to deepen the conscious and active attitude of the workers to the policy of the party and to strengthen their conviction that selfless labor serves not only the vital interests of the entire people, but also those of each individual, each worker.

Each of us should be well aware that the conclusions of the 15th KSC Central Committee session require of the trade union organizations and particularly of the plant committees and all responsible officials not only that they intensify, improve the quality of and more effectively exert the influence of mass political work, industrial training of officials and members, economic propaganda and personal and graphic agitation, but also that they fully appreciate the educational potential of all forms and instruments of the development of trade union work, particularly socialist competition, production councils, a full-blooded life in the trade union sections and regular meetings of the trade union membership, and that they create everywhere the conditions for nonformal participation in management by the workers. Only such a comprehensive approach to fulfillment of the conclusions of the 15th KSC Central Committee session within the Revolutionary Trade Union Movement will lead to higher effectiveness for our educational work.

The critical point and center of gravity of our educational efforts is the factory collective, the workers' collectives of shops and individual workplaces, and particularly the socialist work brigades. We have spoken more than once about how to strengthen the educational role of the collectives. Under current conditions, when the demands not only on the work qualities but also on the moral qualities of the workers, requiring each of our members to show initiative in overcoming difficulties and shortcomings, and particularly various abuses in our life, are increasing to an extraordinary degree, and when we are faced with the task of struggling even more decisively on behalf of the party's policy and specific actions for socialism, an educational influence in the workers' collectives, and especially the effect of the most politically mature workers on the others, is of fundamental importance.

The educational role of the collectives will grow even more when the Set of Measures for Improving the System of Planned Management of the National Economy is introduced. These will decide effectively--and for all aspects--not only

how our socialist country will continue to develop on the basis of higher-quality, higher-output, more economical production, but also how the individual plant collectives will live, how their earning potential will look, the prospects of social development on the basis of the enterprise funds that will be created, and so on. Accordingly we can ignore nothing, whether in educational or organizational work, which will support the growth and consolidation of socialist workers' collectives, from the smallest workplaces up to the plants and enterprises.

A further important factor: The 15th session of the KSC Central Committee has again stressed the responsible mission of trade unions in the drive throughout the society for attainment of socialist prospects and for the further comprehensive development and consolidation of socialism. Anyone who has carefully read the report of the KSC Central Committee Presidium certainly will have noted that there is no obligatory question, no task, especially in connection with the key role of economic development, in which the party has not counted on the trade unions, and in which they do not have a responsibility. From this follows the main conclusion: to become fully informed and then to accomplish thoroughly all that the Czechoslovak socialist trade unions can do to contribute to the development of ideological and political education activities, and to increase their influence on fulfillment of the tasks of our country's development, and on active solution of the problems which are posed by development here and throughout the world.

Consequently, all trade union activity, and particularly the economic function of UOH, will be fundamentally affected by implementation of the Set of Measures for Improvement of the System of Planned Management of the National Economy.

As stated in the decree of the KSC Central Committee Presidium and the CSSR Government, the Set of Measures aims at improving the quality of planning, increasing the effectiveness of economic incentives, improving the organization of the technical base of production, increasing the standards of management work and deepening worker participation in management.

The Set of Measures introduces into the national economy and the life of the enterprises a number of major changes whose main aim is to achieve the highest production quality and operating efficiency, particularly with regard to fixed assets, raw materials, other materials, energy and manpower, the fastest and fullest utilization of the achievements of science and technology, and socialist economic integration as a source of further economic development and further successful continuation of socialist construction.

As is well known, on the basis of experience with the experiment in selected VUL's [economic production units], during the seventh URO plenary session we expressed our complete support for the introduction of an improved management system.

Our contribution to implementation of the Set of Measures depends fully on how profoundly we inform ourselves as to everything the improvement of the management system brings and presupposes. We have in mind primarily the following points:

a. improvement of the system of economic instruments in such a way that they act in favor of the needs of society as a whole and in support of the aims of the party's economic policy;

b. increasing the demands regarding improvement of planning quality and strengthening the role of the plan as a basic instrument for enforcing production efficiency and proportionality and balance in the economy's development, with stepped-up responsibility for the cost-accounting elements of management;

c. an increase in the quality of management work at all levels, including an improvement of day-to-day specific management activity;

d. an overall increase in the demands for work quality and conscious discipline on the part of every worker, regardless of whether he is employed at a machine tool, in a design office, in a laboratory or in a management position;

e. a further increase in the depth and quality of worker participation in management, in the discussion of draft plans and their fulfillment, and in strengthening economic incentives and assuring the social and cultural development of the collective.

It is particularly from this point of view that the concluding part of the Set of Measures, which describes in detail the measures and forms of worker participation in preparation, implementation and monitoring of the fulfillment of economic plans and in the evaluation of the economic results achieved, is of exceptional importance. In addition to the use of enlightened forms of participation in management by the collective, such as production councils at the workplaces, it also calls for an additional major deepening of socialist democracy in this area, particularly through counterplans on the basis of assigned targets, limits and economic conditions, in addition to specifying a new mission for technical and economic conferences and the obligation to take account of the opinions of trade union bodies concerning the draft plan and its standpoint. It creates a unified system of moral and economic incentives which considerably step up the interest of collectives and individuals in the economics of the plant, the enterprise and the entire sector; all of this aims at having not only the leading economic organs but also the collectives continually take account of all the decisive factors which affect the overall economic results of the enterprise and bring the desired benefits to the whole of society.

Because trade union members work everywhere and there is a trade union organization in each workplace, the requirements imposed on every basic trade union organization, each trade union body and the entire Revolutionary Trade Union Movement are being fundamentally heightened.

No trade union body, no organization may avoid this responsibility, because the Set of Measures unequivocally imposes on the leading workers the obligation of having every question involving the workers' interests discussed with the relevant trade union bodies.

The new conditions make it a necessity that ROH should also give a specific content and form which meet the requirements of the times to the long-term task of being a school of management, a school of operations, a school of socialism. At the same time, the participation of the trade unions in the development of socialist society will be shown up more clearly.

The Presidium of the Central Council of Trade Unions has approved political and organizational support for the participation of trade union bodies and organizations in the development and implementation of the Set of Measures. This decree directs the entire trade union movement and particularly the individual trade unions, which will play the primary role in its implementation, to the following groups of tasks:

to acquaint the workers with the principles of the Set of Measures so that they know fully their implications, their goals and objectives, and what they demand of each person;

to draw the collectives into an active approach in implementing the Set of Measures and into support for it;

to develop fully the functions of the trade unions in economic and social policy and to mobilize all ROH officials and members for fulfillment of the individual tasks;

to fulfill completely the Set of Measures in close cooperation with the economic bodies and to respond expeditiously to problems which arise and to workers' comments;

to guide and develop socialist competition, the efficiency improvement movement, SSP and KRS [expansions unknown], the production councils and other forms of worker participation in the management of production and plant and enterprise operations so as to fulfill the tasks which stem from the Set of Measures;

to improve the organizational structure of ROH and the work style and methods of trade union organizations and offices.

If we stress that the unions have the decisive role to play in improving the management system, this means at the same time that the union bodies are obligated to take an active part in specific implementation of the Set of Measures in the ministries, sectors and enterprises and to give direct assistance to the lower level bodies and the basic organizations.

Comrades, at present intensive work to prepare the Seventh Five-Year Plan and the plan for 1981 is under way. Because even now we can use the new method for mobilizing worker participation in plan development which has been introduced, namely the counterplanning method, the demands on the activities of the union bodies are intensified.

The information and experience which we are gradually accumulating indicate that we must do even more to see that all trade union officials and members

fully understand that wage development depends fully on increased labor productivity and on the economic results achieved by the collectives, and that the inputs to production, i.e. what we put into it, such as materials, energy, people's work, all kinds of material expenditures, must be considered as maximal and the requirements for quality and quantity of production, i.e. the output of production, as minimal.

We appeal to trade union offices and individual officials who are taking part in the discussions of the directives for the Seventh Five-Year Plan and the plan for 1981 to give decisive support to adoption of the directive and, jointly with the economic leadership and the worker collectives, to assure fulfillment of the plan tasks. We still have many unused capabilities in each workplace. Accordingly let us concentrate, especially now during the preparation of the plan, on mobilizing all available forces and potential. We will succeed the better in doing this the more attentively we listen to the comments and proposals of the workers and the more we involve ourselves in the process of creating and fulfilling the plan.

For the accomplishment of this responsible task, a draft "Approach of the Trade Union Bodies and Organizations in Preparing and Developing the Draft Seventh Five-Year Plan and the State Operating Plan for 1981" has also been prepared and will soon be published.

The growth of the trade unions' prestige and influence among the workers depends more and more on how well they succeed in expanding and deepening worker participation in the management of production and in the development of the national economy and all of society. In this connection it is right to recall the words of L. I. Brezhnev at the 16th Soviet trade union conference: "The working man in socialist society is not a mechanical performer of given operations or orders. What is important to him is not only the immediate results of his efforts, but also their place and significance in the entire labor process. The striving and the capability to make a personal contribution to the entire cause is a tremendous incentive to labor activity which teaches him to think of the totality of things, in state terms, and to consider social concerns as his own."

"Where the working man knows that his voice is heard and taken into account and that his attitude is considered in the development of social and economic plans, there and only there does he consider himself the real proprietor of the enterprise and the master of his fate."

Our own experience indicates that knowledge of the tasks and the conditions for their fulfillment is an important precondition for creative worker participation in management. This makes it possible to utilize experience, capabilities, worker spirit, professional knowledge and a critical and creative worker approach to tasks and problems--the whole great and thus far by no means fully utilized reserve for increasing production quality and efficiency and labor productivity. It is on this aspect of trade union activity and on further capabilities that we now focus our attention.

Comrades, I have also to tell you of the results of discussions between the URO Secretariat and the Presidium of the CSSR Government. You are already familiar with the contents of the meetings from reports in the press. The specific resolutions of individual questions and problems in the economic and social areas will be made public in the proper fashion, because it is in our interest that the collectives and bodies that will see to the fulfillment of the agreed-upon measures be informed in detail. We are striving in particular, however, to have you become convinced by your own experience of such matters as the improvement of working conditions, labor safety and protective equipment.

What do we consider to be especially important? Primarily the fact that a large number of questions which accumulated over past years and frequently, as in the case of shortcomings in the quality of protective equipment, called forth constant and often growing criticism from the workers, were prepared for discussion, discussed in detail and solved specifically. This in itself is a great advance, the more so because it involves a complex of interrelated problems, and we can even state that it involves a sort of comprehensive approach to the solution of problems of working conditions.

In addition, it was also declared that a joint approach by the government and URO is not only necessary but feasible and that it is bringing about good results. Accordingly in evaluating the talks the URO secretariat was able to assess positively the results of the joint discussions as a manifestation of a constructive approach on both sides to assuring comprehensive cooperation in the interest of the most thorough fulfillment of the economic and social program of the 15th KSC Congress.

Also of importance is the agreement that joint sessions of the Presidium of the Federal Government and the URO secretariat will be held whenever necessary, and at least once a year. In view of the great number of questions and problems which have been accumulated and already worked on, this year additional discussions will be held.

An additional important fact is that the discussions between the URO secretariat and the government Presidium give an example to all lower trade union, state and economic organizations and officials. It will now be effective to rely most on permanent mastery of this method of cooperation as an inseparable component of relations by officials at all management levels.

We have a preeminent interest in having all plant and enterprise committees and all plant and enterprise management proceed in this manner.

We expect in particular, however, that the increase in the level of participation by trade unions will begin with their central and republic committees. Favorable conditions have been created for this, and they should be utilized fully. To a considerable degree it is on the result of their relationships and on their cooperation with the leadership of the ministries, sectors and VHL's that the level of the relationship in the enterprises and plants depends.

In view of everything that has been reported, we consider that the discussions between the URO secretariat and the Presidium of the CSSR government are of fundamental importance and are a landmark which concludes one stage of development of relations and begins another. The trend confirms that our interest in precisely this development of relations and cooperation between state, economic and trade union bodies expressed at the seventh URO session was justified and is beneficial and fruitful.

If we also take into account the Declaration recently adopted by the Federal Assembly at the initiative of the trade union official delegates and with the support of the CSSR government, which evaluated the General Declaration of Trade Union Rights made by the Ninth World Trade Union Congress, it becomes apparent that we are witnessing a positive development.

The declaration of the Federal Assembly accordingly states with full justification that the trade union movement in Czechoslovakia has created all the legal, material and other essential conditions for fulfillment of all the principles contained in the General Declaration of Trade Union Rights and that the authority and social influence of the ROH exceeds the requirements of the Declaration.

This fact has its roots in the Leninist approach of the KSC and its Central Committee to the role and position of the trade unions in society and is the result of the party's systematic concern for and support of the trade unions.

Comrades, the increasingly demanding tasks, under conditions which are becoming more and more complex, cannot be accomplished without politically mature and selfless work on the part of the manual and other workers. From this follows the indispensable nature of the trade unions, which has in fact been so strongly emphasized in recent years by the KSC and particularly by Comrade Husak, the importance of good functioning by such instruments and institutions as the production councils, collective contracts, counterplanning and socialist competition, which have recently been spreading on the international scale, and extensive powers of plant committees, and the like.

The Ninth Trade Union Congress enjoined development of the conditions for expanded worker participation in management. Accordingly, we included in the agenda of the ninth URO plenary session evaluation of how successfully the decree on plant committees of the fourth trade union session is being fulfilled and what role the collective contracts are playing. I will not go into these particular questions, because they form the content of the report of the URO presidium which will be presented by Comrade Marik. I would only like to add that they involve an immensely important and topical question which is closely connected with the efforts of the KSC to assure further development of the economy and society as a whole, which is now of key importance for the fulfillment of the tasks of ROH in the plants.

Comrades, let me conclude by recalling that the ninth URO plenary session is being held on the same days as the Ninth Trade Union Congress three years ago. If today we can state that most of its conclusions are successfully being implemented, this is primarily because the quality of work by trade union bodies and organizations is being improved, that the work standards

of the trade union aktiv are being raised, and that we have achieved good results in many directions. From this it is clear that we are capable of acting even more substantially than before to implement the policy of the KSC.

Accordingly our greatest obligation is to fulfill without exception the requirements of the Ninth Trade Union Congress: to give "all of the strength of the unions for fulfillment of the goals of the 15th Congress of the Communist Party of Czechoslovakia and for a happy life for the workers."

8480

CSO: 2400

CZECHOSLOVAKIA

BRIEFS

CSSR, CUBA SIGN HEALTH ACCORD--A Cuba delegation led by Jose Guiterres Muniz, and a CSSR delegation led by Slovak Minister of Health E. Matejicek, discussed cooperation in the sphere of health and medical science in Bratislava on 25 June. "At the close the heads of the two delegations signed an agreement on the cooperation of their countries' spheres of health for the 1981-1985 period." [Prague RUDE PRAVO in Czech 26 Jun 80 p 2]

CSSR, CUBAN CONTACTS--A cooperation agreement for the years 1981-85 between the Czechoslovak Association for International Contacts [CAIC] and the Cuban Institute of Friendship Among Nations [CIFAN] was signed yesterday [24 June] in Prague by F. Sramek, chairman of the Committee of Czechoslovak-Cuban Friendship attached to the CAIC and minister of construction and technology in the Czech Socialist Republic, and G. (Zelaya), CIFAN vice-president. P. W. Luis Torres, ambassador of the Republic of Cuba to the CSSR, was also present. [Text] [Bratislava PRAVDA in Slovak 25 Jun 80 p 2]

SRV HEALTH MINISTER ARRIVES--Vu Van Can, minister of public health of the Socialist Republic of Vietnam [SRV], arrived on 24 June in Prague by air to discuss with Czech Minister of Health J. Prokopec the execution plan of CSSR-SRV cooperation in 1981-85, appended to the international agreement on cooperation between the two countries in the medical sphere. [Bratislava PRAVDA in Slovak 25 Jun 80 p 2]

CSO: 2020

PREPARATION OF SIXTH FIVE-YEAR PLAN UNDER WAY

Budapest MAGYAR HIRLAP in Hungarian 15 Jun 80 p 7

[Article by Dr Akos Balassa, Department Chief, National Planning Office:
"The Sixth Five-Year Plan Is in Preparation"]

[Text] The national economy planning organs began to develop the Sixth Five-Year Plan more than two years ago. Not only the National Planning office, ministries and other high authorities participated in this work, but also larger operating organizations, megye councils, scientific and social institutions, business federations, as well as a large number of specialist groups. In the initial stages of planning, the analysis and evaluation of the national economy development up to 1985 and its probable status at the beginning of the next plan period received great emphasis. The probable evolution of the world economy and the expected development of economic relations with CEMA countries also had to be thoroughly analyzed and evaluated.

During the preparation for the Sixth Five-Year Plan, the formulation of the fundamental conception and the goal system of the plan was a complicated assignment. This task was completed somewhat later than expected because significant corrections had to be made to the projections regarding the external factors of probable economic development, based on the last one and one half years of changes in the world economy and the recognized potentialities of the cooperation conducted with CEMA countries. For this reason, it was necessary to modify plans about the calculable rates and chief proportions of economic development which had also been developed during the process of plan concept formulation. The economic policy course of the Sixth Five-Year Plan had been prescribed by the resolutions of the MSZMP's [Hungarian Socialist Workers Party] 12th Congress. These took the ideas and conclusions formulated during the preparations of the mid-range plan into account.

The Sixth Five-Year Plan ultimately starts out from the thesis that foreign trade conditions will continue becoming more difficult for the Hungarian national economy during the years 1981-1985. According to current estimates, our foreign trade exchange rates--because of the relatively high price increases of energy sources, raw and base materials--will continue to

worsen. The importing of raw materials and other important products will be augmentable from CEMA countries to a lesser degree than previously. The probable development of the capitalist world economy will not offer favorable marketing opportunities.

Under such conditions, the rate of economic development, compared to the decade of the 1970's and even to the average rate of 1976-80, can be projected to be lower. The national income can be expected to rise by about 3 percent annually. In terms of quantity, however, in addition to the relatively slow development, rather great tasks must be resolved in the production sphere. In essence, the qualitative aspects of production must be strengthened, and the process of flexible adaptation must be accelerated. Economic effectiveness in a dynamically changing foreign trade must be increased more vigorously than in the past few years, and should be evaluated and qualified rather on the basis of international scale. As far as we can see, we can expect the previously mentioned national income increase to be based on average annual increases of 4 percent in industrial production, 2-2.5 percent in construction industry production, and 2.5 percent in agricultural production.

In the Wake of Accelerating Changes

A significant feature of the plan concept is the attribution of primary importance to the improvement of the economic, and within this, chiefly of foreign trade balance. According to approximating calculations, nearly one third of the national income increase will be consumed by the further worsening of foreign exchange rates. Moreover, more than one third of the national income increase must be utilized for improving the foreign trade balance. Thus, nearly two thirds of the national income increase must be devoted to purposes related to the foreign trade balance. To accomplish this, exports must be increased dynamically by an annual average of 6.5-7 percent (exports for capitalist currency even more vigorously), while at the same time, their profitability must be improved. The rate of increase in imports can be similar to that of the national income.

Only about one third of the national economy increase may be devoted to increasing domestic end use. Preserving the population's standard of living and improving its living conditions to a modest degree, depending on the feasibilities, are highly important goals in this context. Foreseeably, the population's per capita real income during the five years can increase by 6 percent, or barely exceed one percent per year. The greater portion of these feasibilities will be utilized for social benefits--deriving from changing the number and composition of those affected, as well as from expansion of the institutional networks. In addition, workers who perform their tasks better than average, or rather, who exhibit unusually high performance, and those with lower pension can expect improvement in their financial conditions. A significant amount of apartment construction and the augmentation of the institutional networks taking care of children, the elderly, and educational, cultural and health care activities will serve to improve the population's living conditions.

Considering the mentioned increase in consumption, it is necessary to reduce stockpiling done from national income. Investment volume during the coming five year plan period can be comparable to the collective level of 1976-80. While for next year continued reduction of investment activities is probable, a certain amount of increase may be expected during the second half of the plan period. However, despite the planned level of investments, there is a possibility for increasing the money supply at a rate exceeding that of the production increase, forming the basis for production augmentation, modernization, structural changes, etc., by more efficient exploitation of instruments which have been encumbered and used for investment.

Fundamental Scope

What has been revealed about foreign trade tasks and domestic consumption is also determining the chief directions of the necessary development of production. In production it is necessary to more rapidly utilize the achievements of technical progress, and--in harmony with financial possibilities--to vigorously increase the modernization and market competitiveness of products. The transformation of the production structure is to be pursued more vigorously. The rapid increase of exports is to be based on export oriented development, while emphasis must also be placed on the effective replacement of unprofitable exports. In the interest of strengthening the domestic balance, the moderately increasing domestic income must be supplemented on the appropriate level. At the same time, the production of merchandise which can be manufactured efficiently, even according to international scale, and easily sold on the market must be developed more vigorously than average. Production must be made profitable and, where this is not possible, unprofitable production is to be supplanted. All this requires the development of enterprise organization of production and the better integration of technical development, production and marketing.

The resolution of these tasks is well served by the fact that the larger scale modification of the economic regulation system--in harmony with the chief goals of the Five-Year Plan--has already been implemented in 1980. The modified regulation system is motivating and constraining enterprises more effectively to production structure development, to acceleration of technical development, to material and energy conservation, to improvement in resource utilization, to work productivity improvement, to better marketing and, in a word, to increasing efficiency. Naturally, with the finalization of the Five-Year Plan, or rather, with the continuous changes in conditions, it is to be expected that the proportion of individual elements of the regulating system will need to be modified and corrected more or less, at the beginning of the plan period and also continually throughout.

Until the End of the Year

The Five-Year Plan, however, is not yet ready. The planning organs are scheduling the work in such a way that it is to be submitted for approval at the end of the Fifth Five-Year Plan. In the coming months intensive work must be performed to accomplish this. The concrete recommendations for central state decisions must be formulated. These include, among others, those for central development programs, for state investments, for

state subsidization of certain goals of enterprise investment and technical development, for certain problems of production structure development. Also included are recommendations which are to be formulated by the ministry and the councils, with the participation of the enterprises concerned. These later are to be reviewed, selections made and coordinated during the process of plan finalization. Significant work remains to be performed in the planning of production, foreign trade merchandise traffic, investments, incomes, etc. Conceptions of what state measures and actions, which themselves are in harmony with the plan and are based on it, should be enacted to implement the plan are to be formulated.

In the coming months, aligned with the national economy plan preparation, the planning work of enterprises, cooperatives and councils in the preparation of their own plans will emerge in full force. In general, the mid-range plan concepts of enterprises and councils are prepared and approved through the end of the third quarter. The harmonization of the basic content of these with the national economy plan concept will be expedited by the direct consultations which the planning organs will be holding with enterprises and councils, as well as by the orienting effect of the regulating systems, and by the positions taken in reference to state decisions. The Sixth Five-Year National Economy Plan will naturally take into account the centrally utilizable suggestions of the operating organizations, councils and other organizations. After the ratification of the national economy plan, enterprises, cooperatives and councils, taking into account the decisions contained in the plan and the regulation system corrected on its basis, will prepare their mid-range plans during the first half of the coming year, and approve them at mid-year.

The formulation, ratification and continuous implementation of the Sixth Five-Year Plan is an affair not only of economic leaders and specialists, but of the whole society. Thus, we can be confident that the effort is receiving the active and productive support of the concerned social organs, institutions and public opinion.

9093

CSO: 2500

GAPS IN TOOL, MACHINE TOOL INDUSTRY NEED FILLING

Budapest FIGYELO in Hungarian No 25, 18 Jun 80 pp 1, 2

[Article by Ferenc Gerencsér: "Parts and Tools--A Background Industry to Fill the Gap"]

[Text] Changing the product structure is a necessary but not a sufficient condition for improving the economic balance. It must be coupled with thrifty management which becomes general and--there is generally less said about this--with a truly selective industrial development program to transform the structure of industry. Many tasks await solution in this industrial development program which is being carried out in the interest of improving the competitive ability of domestic industry and these tasks have longer and shorter execution times. These tasks range, for example, from a modernization of enterprise mechanism to a development of the background industry. This latter however--the development of background industry--is probably the most important condition for modernization of the product structure and raising the technological level in general.

A Condition for Competitive Ability

It is worth while setting this down again because two views, not exactly useful, continue to accompany any judgment concerning the development of the background industry. One simplifies this program and its results, treating it primarily as a condition for better cooperation among enterprises: If there is a suitable background industry then there will be fewer hangups in production, work will be better paced, production can be carried out with a lower level of stockpiling, etc. Thus this view--rather simplifying the essence--regards the background industry as one condition for organization or reducing expenditure.

The other view does not consider a development of background industry urgent, saying: It is not certain if it would not be better to rely on import for a good part of the products belonging in the sphere of background industry activity. Domestic industry is already quite backward in the development of the majority of the products which might be included here. So money invested here will not pay off very quickly.

Neither view grasps the timely, industrial, economic essence of the background industry, namely the real role today of modern subassemblies, machine elements, accessories, tools, apparatus, active electronic parts, fine metallurgical products, etc. in the production of modern industry. These now constitute the indispensable base of modern technology and because of the universal character of most of them they make possible the development of truly flexible and competitive products and technology in the processing industry.

Indeed, such a background industry (producing primarily the above mentioned products) makes possible a continual change in the product structure in most branches of the machine industry--the instrument industry, the machine tool industry, the manufacture of one-time machines and equipment, the signal technology and automation industry, the vehicle industry, etc.

So we are not talking here primarily about nuts and bolts, rubber pads or metallurgical molds. We could agree to import these for a long time; they are goods which are always available--in exchange for modern finished products. These do not belong among the product families of a strategic background industry for industrial development. But tools, fine metallurgical articles and active electronic parts are now reckoned as strategic products in the sense that it is now primarily in these product groups (and less in finished products) that technological development is progressing at a fast pace. Only with the swift development of these products will it be possible to frequently change finished products. They serve as design elements or building blocks for products (such things as fine metallurgical articles or active electronic parts, some of which are also finished products) and they are key tools for manufacture--tools, devices, automatic elements, etc.

In developed industrial countries the last phase of the processing industry--releasing the final finished product--is increasingly an assembly operation, putting together the products of the background industry. Without such a background industry it is difficult to imagine a successful, constantly changing product structure, at least one which is profitable and produces surplus profit.

It would be a mistake to build on the full scale import of any background industry product family of developmentally strategic importance. This would make the foreign trade balance of payments shaky for a long time. As is well known the import of raw materials and energy is unavoidable for domestic industry. And willy nilly this carries off a part of the income of the processing industry. How much depends to only a smaller degree on how the enterprises economize on material and energy. But if another significant part of the income of the processing industry must be turned to the import of modern background industry products then it is easy to see that finished product deals capable of generating the cover will be needed if the rate of economic growth is to be fast enough and if, for example, the standard of living is to increase more quickly. And this on

a permanent basis and not by chance, as a function of the business cycle and the market situation.

It is not by chance that everywhere today they are urging new forms of the international division of labor, production cooperation and product specialization, primarily in the sphere of subassemblies, parts, machine elements and accessories. In this way they are trying to create a modern background industry for modern finished products--making use of the advantages offered by the international division of labor. But one must have something to offer in exchange even on such a background industry product market. This must not be forgotten whenever a solution to the problem of the background industry is put on the agenda. Thus, the development of the background industry is important not only because of cooperation among enterprises but also from the viewpoint of the technological progress of industry as a whole, improving the mobility of industry and the freedom of decision on international markets and the development of an export-import balance for the national economy.

On this point the development of the background industry as a whole becomes the most timely, the most urgent task and in this program the backwardness of a decade must be made up. In essence this gap defines the technical level of finished products, the import needs for industrial production and the competitive capability of the processing and assembly industry.

The Future Belongs to Assembly

The tasks suggest this also. In the 10-12 years since the end of the 1960's the import of parts, accessories, tools, etc. within all import has tripled, rising from 4 percent to 12 percent, and approaches 40 billion forints. (The export of these products does not reach 20 billion forints.)

The capitalist export-import ratio has deteriorated swiftly especially in recent years (since 1976). While the capitalist import of industrial parts, accessories, attachments and tools has generally doubled in 4 years the export of these items has increased only 15-20 percent.

Actually, positive developmental processes have resulted in a swift increase in export. The product scale of the machine industry has been modernized and this made necessary a larger volume of imports--from countries at a more developed technical level--of more modern subassemblies and technological devices (tools, tool accessories, etc.) because it is in just this product group that the variety and technology or capacity of domestic industry has kept pace least with the international requirements.

For a long time the interest relationships of enterprise management have not favored the development of this product group; in general swift material and moral success have been tied to the manufacture of finished products. Thus, as is now obvious, the low technical level and capacity of the background industry not only holds back and confuses the production

and product development of enterprises producing finished products, it also determines to a considerable degree the structure of our foreign trade. As is the case with the import of raw materials and energy it has become an objective necessity--because of the backwardness of the background industry--to constantly increase the import of products in the sphere of background industry activity in the interest of competitive capability. But this "necessity" is the result of our own industrial development activity and it is not an unavoidable natural condition.

It should be added that increasing the manufacture and technical level of products within the profile of the background industry--within rational frameworks--would not only make possible a moderation of machine industry imports but also would make possible an increase in the export of the branch. These products are increasingly sought after on the world market. Everywhere they are striving to decrease their production and product development work by using subassemblies which promise greater efficiency and which can be selected from a catalog; they are striving to acquire the building blocks for modern manufacturing procedures--hydraulic and pneumatic automatic elements, tools, tool accessories, devices and now the micro-processors which can be used for the most varied purposes--thus making their assembly type activities more flexible.

In general it is even easier to sell the really modern products of the background industry because there are more possible customers for these than there are for, for example, finished products which usually have a single purpose. Whichever of the product groups within the sphere of background industry production that we examine more closely it can be shown for virtually all of them that the development of them is quite justified in the interest of the competitive capability of Hungarian industry as a whole. But a rank-ordering must be done in the present material situation of the enterprises--and the national economy. The background industry, which has been forced into the background for a long time, cannot now be raised to the required level with one blow. Several points of view can be considered when compiling a rank order for development, selecting points of emphasis. But the most purposeful is probably to see which products should be developed to offer the most composite advantage, that is which product can have an advantageous effect in several areas with relatively little expenditure and risk. From this point of view the development of tool manufacture may promise the most efficient investment, one which will pay off relatively most quickly.

One Viewpoint for the Selection

Before all else an argument for this is the fact that of all the background industry activities this branch is still the most developed. There are five independent, central tool manufacturing enterprises in the country: The Danubius Central Tool and Apparatus Factory, the manufacturing profile of which includes primarily various sheet working, casting and plastics tools and key tools for the die forging and rubber industry; the Cutting

Tool Industry Enterprise (FORCON) which manufactures single and multiple wedge cutting tools and accessories; the Powder Metallurgy Factory of the Industrial Fittings and Machine Factory which has the task of producing the carbide products needed for unworked, so-called raw carbide and finished carbide insert cutting and non-cutting forming tools; the Hand Tool Factory which produces hand cutting tools, forming tools and assembly tools; and the Hungarian Steel Goods Factory which manufactures twist drills.

Thus this base is especially suitable for further development; the foundations do not have to be laid here as they would, for example, for the manufacture of the equally indispensable active electronic parts. Tool manufacture is a traditional activity of industry; the five enterprises have considerable professional knowledge and experience and have an adequate staff of development personnel and skilled workers.

Of the five factories two, the Danuvia and FORCON, have especially good international contacts as a result of successful market work during the past decade. They have purchased licenses and know-how. A few years ago, for example, FORCON signed a long term contract with the Krupp Widia firm, in the interest of increasing its capitalist export, for the cooperative manufacture and joint marketing of a milling head family at the world level. To do this the Hungarian factory made use of 37 million forints of credit and 10 million forints of its own developmental fund in the first phase. In return the factory is achieving about 40 million forints worth of capitalist export per year. As a result of the initial good business work and successful technical development work the needs of the capitalist partner increased quickly and demand for progressive tools expanded at a swifter rate among domestic users too. Thus, in a short time, an expansion of capacity became necessary. To do this the enterprise made use of another 22 million forints of credit and 12 million forints of its own developmental fund.

But even this proved to be too little; in the interest of decreasing the foreign exchange burdens of the national economy, of better satisfying domestic cutting tool needs and of further technological development FORCON undertook in 1979 an important redeeming investment credit of 165 million forints. This investment, now under way, will result in redeeming almost 3 million dollars worth of capitalist tool imports, primarily in the group of traditional tool types--ground drills, reamers, disc saws, etc. After development these products will reach the quality of those imported thus far.

A capable, modern, economical tool manufacturing industry can be considered an advantageous developmental goal from another point of view also; it will offer a goods base which is convertible within and outside of CEMA; its products can be exchanged relatively easily within the framework of specialization programs for other background industry products. Thus in every respect a really capable tool manufacturing branch can offer good

conditions for our participation in the international division of labor, especially if it succeeds in going beyond the traditional frameworks and creates in addition joint supply and producing organizations.

Quantity and Quality

In addition there are a few other background industry activities where special attention and a concentration of forces are similarly justified--electronic parts manufacture, fine metallurgy, the fine chemical industry--not to forget the progressive branches. But progressive tool manufacture certainly belongs here. These tools are indispensable for a renewal of machine industry technology.

In any case an efficient development of fine metallurgy and tool manufacture presuppose one another. Fine metallurgical products are not bad export articles in themselves, of course, but worked into tools, for example, and exported thus they are even more economical to the national economy. From the viewpoint of the economicalness of modern tool manufacture it is not a matter of indifference whether we are forced to import the modern basic materials or can obtain them here at home.

It is not difficult to sell tools in Hungary--it was not difficult to do so 5-10 years ago either but since then the central tool manufacturing enterprises mentioned have increased their capacity considerably. There is especially a shortage of the more complex, more valuable tools such as the tools needed for NC machines. The chronic shortage of hand and machine tools has led to the fact that more than 90 percent of the Hungarian enterprises actually turned to manufacturing their own tools long ago.

The production of the "official" tool manufacturers, together with imports, do not cover half of the annual tool needs of Hungarian industry. So a significant part of the shortage is filled by the production of unofficial tool manufacturers, naturally more expensively than would be possible (since this is not their chief profile) and in large part with less reliable quality, and certainly not at the top technical level. This in turn means wasting no small part of the tool manufacturing knowledge and machine and intellectual capacity which can be found in the country. (Theoretically, if just half of this machine capacity and professional knowledge could be concentrated within the walls of a new "official" enterprise a good part of the developmental problems would be solved.)

In the 1970's the production of the five central tool factories as a whole increased by about 60 percent, tool import increased by nearly 40 percent and "in-house" tool manufacture also increased--according to estimates--by about 40 percent. So the desirable and the undesirable, the economical and the more wasteful developmental processes progressed in parallel so that at the level of the national economy--even with the increasing volumes--the balance in the state budget deriving from the manufacture and sale of tools did not improve.

Up to the middle of the 1970's the problem in tool supply was essentially the quantitative shortage. For better or worse this was solved by expanding the tool shops in the processing industry enterprises. But as the 1980's approached the modernization of the product structure and the technological development which accompanied it brought the problem of quality into the fore.

Significant changes took place in the design of tools, adjusting to the higher technical level of the producing equipment. For example, a solder tipped lathe tool costing 40-50 forints was enough for a traditional lathe. The NC machines need a 4-8 edge changeable tipped lathe tool costing an average of 1,000-1,500 forints. The precision of tools has a tolerance of one hundredth or one thousandth of a micron. As long as a skilled worker rather than a machine exchanged and set the tools a tolerance of one tenth was permissible because the worker could immediately correct the deviation. But this is not possible with NC machines, for example, because if there was a man standing beside each one as of old then these machines would lose one of their considerable advantages, that a single worker can handle several machines.

The factories with different profiles cannot expect from their own tool shops any alleviation of the problem of quality tool manufacture, the shortage of quality tools. Creating and maintaining the necessary technical, professional level can no longer be a paying proposition for a factory where tools are not the chief product.

There was a change of epoch in this profession also; the significance of the traditional tools decreased and that of the progressive ones increased very quickly. The consequences of this must be reckoned with. We should be happy if the tool makers in the several factories, relying on their universal knowledge, prove capable of repairing the modern tools and devices; but they will probably have to give up manufacturing them in the interest of avoiding serious losses.

Possibilities and Resources

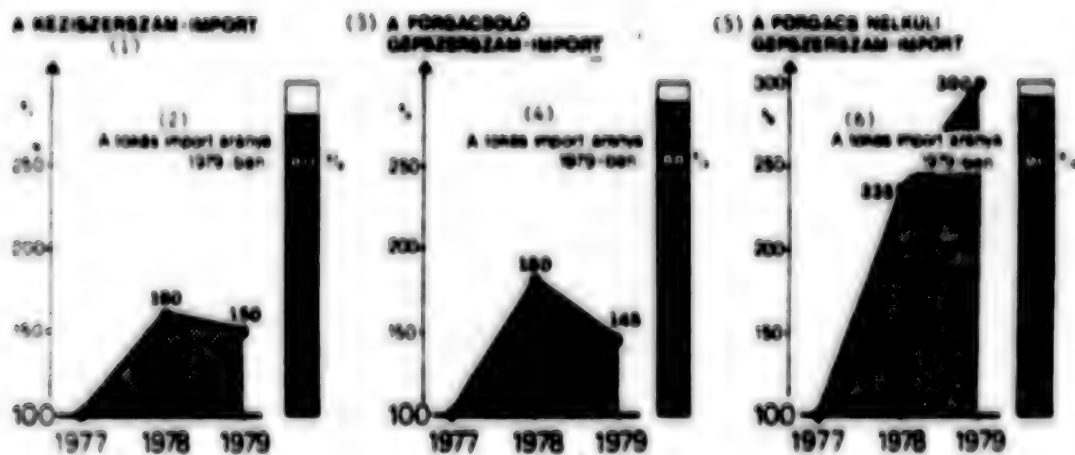
At the same time there is still need for traditional tools and devices in fairly large numbers. The domestic industry is "en route." If, in a short time, the technical level of the users comes up to the level of the progressive equipment then reserves may be liberated to expand the capacity of quality tool manufacture. The specializing enterprises can then narrow their presently very broad profiles and the capacity thus liberated will be available to produce modern products. But this is not possible today. Manufacturing specialization being developed with CEMA member countries could ease this conflict but in this case several thousand tools are involved so much time will be needed to develop such complex specialization cooperation.

So it is probable that we will have to live with the present situation for a good time yet, a situation in which the capacity of the professional enterprises is split between quantitative and qualitative tasks while both quantitative and qualitative demands appear on the market as ever more tense forces.

All of which warns us that a concentrated, swift development of tool manufacture would be more advantageous from the viewpoint of the competitive capability of the economy and from the viewpoint of the economic balance than it would be to start a slow process of "equalization" which would last many years and cause many losses. But after all this comes the question: Who will provide the money?

The developmental funds of the enterprises affected (especially in the case of PORCON, the ISC [Industrial Fittings and Machine Factory] and Danuvia) are tied up. The developments thus far have exhausted the enterprises "own strength." (It might be added--to go beyond tool manufacture--that for the time being many necessary, modern background industry activities still have no "home," no enterprise which could rely on its own strength). In addition, this is the truth of it, the enterprises mentioned are making a good living out of the capacity created already, they are paying back the credits taken from the bank. In the present financial situation and amidst present credit policy practices they have no interest in engaging in new and larger developmental programs. Only with significant preferential treatment. They have the domestic market in back of them, they can expand capitalist export thanks to the advantageous foreign cooperation contracts and they can cover the capacity expansion needed for this from their internal organizational reserves. It follows that the five central tool manufacturing enterprises will not suffer if qualitative and quantitative development are ignored. It is well known that we must economize on investments too because there is not and will not be enough money for everything. But with a truly strict and consistent, selective distribution of developmental resources we will not waste that which the national economy can turn to development. Surely a solution can be found and it must be searched for in the interest of improving the trade balance.

[See next page for graph]



Key to graphs:

1. Hand tool import
2. Share of capitalist import in 1979
3. Cutting machine tool import
4. Share capitalist import in 1979
5. Non-cutting machine tool import
6. Share of capitalist import in 1979

8984

CSO: 2500

IMPORTANCE OF FINANCIAL POLICY IN NATIONAL ECONOMY STRESSED

Warsaw FINANCE in Polish No 6, Jun 80 pp 1-8

[Article by Henryk Kisiel: "Finance Today and Tomorrow"]

[Text] The rich congress materials and the resolution of the Eighth Party Congress have opened up new prospects for finance and have made it possible to draft a concrete, active program of action for the upcoming time and the next five-year period.

The pregress campaign and the course of the congress confirmed the effectiveness of intraparty democracy and confirmed the principle of holding consultations between the party and the society concerning the basic decisions, and expressed the special importance which the party attaches to these mechanisms. Hence, having essentially an overall national scope, the party program could in this way be freely discussed and accepted by the society.

In its work the congress followed a method which is especially necessary in our daily work, putting in order the manner of thinking about the current stage of our socioeconomic development and establishing what is currently the most appropriate hierarchy of values, and the complexity and cohesiveness of the goals of this development. We can say forthrightly that the congress as it were used the Leninist formula of the unity of economics, politics, and ideology in again in relation to the concrete stage of the country's historical development. This principle, which became the leading theme of the congress deliberations calls to mind one of the basic principles of our Marxist ideology, the portrayal of the bonds between current actions and the present standard of living of the people, and the long-range prospects for future socioeconomic development depending on these people and the system of social justice created for the them. The congress also adapted the developmental line to the new economic conditions, which are more complicated than during the mid-1970's. The congress emphasized too the tasks which are more coordinated with the relations between the base and the superstructure and take them more into account.

An exceptionally vital and important matter raised at the plenary sessions and in groups is the need for a more just and better-proportioned distribution of national income. It was pointed out that the society does not wish to tolerate unmerited benefits accumulated through speculation or privileged access to scarce goods, and so on. In counteracting these phenomena finance and the financial machinery must play an more active role, because many issues influence the credit system and especially the tax and foreign-exchange system.

The congress assigned an especially high rank to all those matters which are related to increased management efficiency, that is: the problems of cost, social production, cost effectiveness in investments, the profitability of exports, and, above all, the thrifty use of materials and raw materials to break down the major barrier which blocks national income and production growth. A great deal of space was devoted to the need for the rational, thrifty handling of public money, including expenditures for administration, the costs of representation, and so on. At the congress there was the general conviction, backed by a deep familiarity of life and its realities, that each step towards increased production and national income presently requires wise and often more active personal action in each area.

The congress pointed out the need to control the economic action at all levels, including the central bodies. The need for a realistic balancing of tasks and funds was emphasized, in order to rule out or at least limit to the minimum plant stoppages for lack of power, transportation, or co-operative deliveries.

Today in the economy we are dealing with a situation which has not occurred in many years, because growth today is determined by the supply of raw materials and other materials, and not by production capacity the way it used to be. This creates a qualitatively new situation, the need for another approach to economic problems, in which we must today see the following phenomena:

We have to count on the fact that there will be tendencies for unit costs to increase from the rise in amortization, because the fixed assets, which are new and very expensive are not being adequately used;

There can be a rise in tendencies for unfavorable manifestations in the materials economy to increase, and shortages in supply can create an increase in what is called "hamstering" and as a result the improper use of reserve stock;

The race to accomplish the tasks of the sales plan can bring about pressure to increase prices and increase the well-known "item-assortment maneuvers" without seeing to the social suitability of production effects for increasing the wage fund paid out.

Overall, it must be stated that during the near future those adverse phenomena which we do not know about today and those which we have not been successful in eliminating to date can appear and become worse. Hence there arises the question as to whether we can wage an effective battle against them today and tomorrow and what it requires.

These problems can be resolved provided that appropriate changes are made in the system of management, that is, in the sphere of economic life which was sharply criticized at the Eighth Party Congress and recognized as being of primary importance.

These problems were given their proper place and high ranking in the pre-congress discussion, in the report of the First Secretary of the Central Committee to the congress, and in the resolution of the congress. At the congress a correct diagnosis was presented of the current situation, and, what is more important, a way out was formulated. There are also tasks to be carried out for finance and by finance. But today it must be emphasized that never up until now in the congress documents has so much attention been given to the problems of finance. Thus there is the obligation and necessity of setting the major, key finance tasks for the near future.

We have already begun the process of decentralizing decisions and precisely assigning the jurisdiction of the various echelons, including finance. In this connection the principle has been initially adopted that the Minister of Finance will again as before have at his disposal part of the reserves of the central budget up to 20 million zlotys (previously this was 10 million zlotys). The Minister of Finance will also independently assess the ministerial programs for limiting deficits and inform the Council of Ministers about joint results at the presentation of the budget.

The Minister of Finance for his part will in the near future give up to the voivodships part of his taxing authority and to bank presidents part of his authority concerning the granting of credit. Of course, these are ad hoc solutions. Other broader ones will be included in the whole program for improving the finance system.

After the congress the program for carrying out the resolution of the Eighth Party Congress was drafted in the Ministry of Finance. The drafting of this program was based on the directions worked out for improving the finance system in the 1980's in keeping with the postulates of the congress resolution, but there are also new problems which were not previously considered or which were not assigned the proper importance and must therefore be undertaken again.

The first and most important task in the realm of improving management effectiveness is the need to increase the role of finance and the role of money, the attainment of a state in which the possession of money means that the possessor has the ability to make economic decisions. "I have money, and this means I can develop it, I can invest it, I can spend it,"

but for the socialized enterprise this possibility means the fight to acquire zlotys and an increase in their respect.

The attainment of this state means practically gaining balance between the demand represented by the amount of money the enterprise has available, acquired by its own work, expressed in financial results, and the supply of materials defined in the plan in the form of the size of the material and technical supply, the size of supplies for investment projects and the supply of market goods, given an economically correct level of prices.

In order to create such balance, we have important financial instruments, that is, above all the system of collecting budget income and feeding the bank-credit system. The instruments of these systems should work together in such a way as to achieve balance in the investment-supply sector of the economy. To this end we should develop and improve the appropriate forms of the distribution of profits and taking some of it for the budget. Hence, for the next five-year period I propose the introduction of an income tax, the function of which should be to do this along with the existing, but improved, turnover tax. The income tax should be constructed so that in using it the budget takes in not only the unmerited benefits which can possibly occur in using the correct turnover tax rate but so that the budget gets about 50 percent of those funds which have actually been utilized by the enterprises through their improved management efficiency. In a word, taxes collected from the enterprises must act in such a way that the total of the monetary funds remaining in the enterprises is not greater than the total of the whole economy's investment-supply material resources. This requires a deep understanding of the ratios of development and the finance machinery's authentic role in shaping the distribution of income earned for the further development of the enterprises and for other purposes. This is an exceptionally difficult matter, which the previous finance system was unable to resolve in a satisfactory manner. Nevertheless, this task absolutely must be taken up.

The decision as to whether credit should be granted or refused, the interest rate, and so on should depend entirely on the bank and be made on the basis of an in-depth analysis of the current and future financial situation of the socialized enterprise. The management of the enterprise should go to the bank for money, when it really needs it, and not as a mechanical way of obtaining credit to finance investments or part of its working capital. This is an important change, one which will be decisive in the bank's greater role in the active function of shaping the ongoing financial situation of the enterprises and their possibility of financing enterprises in the immediate future.

The development of the proper network of partnership relations between the financial machinery and the enterprises is very difficult. This task must be preceded by an in-depth analysis of the financial situation of the enterprises, and industrial associations, and the ministries, and

the development of a program to lead the financial situation to the desired state.

The banks should elevate their differentiated behavior with regard to enterprises which operate well and those which operate poorly to the rank of a supreme principle and make this a commonly known by-word, expressing this in the fact that the good enterprise will always receive proper credit, even possibly with a favorable interest rate, while the poor enterprise will face the whole range of economic influence, right up to the threat of the withdrawal of credit. Here we should adopt the principle that such a threat is simultaneously an expression of the bank's doubt as to the management capabilities of the enterprise's management, which can carry with it the need for the superior unit to provide a guarantee for the credit or engage in other undertakings to insure the improved effectiveness of operations. We can expect that on the basis of this principle the banks will prepare an appropriate system of behavior vis-a-vis the enterprises, giving attention to the possibility of withdrawal, and it is against this backdrop that they will define the role of the voivodship and operating branches in particular, as well as the banks' cooperation with the industrial associations and ministries at the central bank level.

Special tasks with regard to the banks will appear in the realm of controlling the wage fund. Because there are still instances of a lack of discipline and reliability in this area, including the fact that the superior units back at the beginning of the year distribute among the industrial associations and enterprises more wage fund than called for in the National Socioeconomic Plan, there is the need for more effective control of the wage fund by the banks and for more severe sanctions against management personnel. In this connection a draft resolution of the Council of Ministers has been prepared, and its adoption should create for the banks a better foundation for operation.

Another essential task of the financial machinery will be active intervention to lower costs, particularly material costs, because they determine today the production growth rate, and ultimately the increase in national income. Fuller use of the finance machinery's possibilities in the realm of familiarization with the situation in costs and the formulation, on this basis, of conclusions and proposals concerning the improvement of planned costs are one of the major tasks of finance.

Today we have very imperfect methods for measuring cost reductions. The long-range tasks in this area will be accomplished by an interministry group of experts. We must step up the pressure for fuller use of cost accounting in economic decisionmaking, including that of unit costs, as the basis for allocating production and funds among enterprises. It is essential to popularize standard cost accounting and intraplant self-financing, and also to draw up and inculcate other original solutions to insure progress in the utilization of cost accounting. For this activity on the scale of the whole economy the Minister of Finance will

provide his own special patronage and create a possible system of special bonuses for successful innovations in the realm of costs and the whole financing system.

The Ministry of Finance intends to introduce an assessment of costs in the various individual ministries, with the participation of members of the ministry involved, and where necessary to render financial assistance. In a word, we should respond more rapidly to this major section of the current of the rise in national income.

The next task is to increase the influence and effectiveness of operation with the help of finances to control investment processes.

There are two main problems in this area. The first is discipline in the plan's assumptions concerning the size of investment outlays, or the implementation of the desired ratios for distribution that part of national income allocated for development. The second is keeping to the planned structure of outlays, especially those of the planned share of investments of a renovation and modernization nature in total investment outlays. Past practice has shown clearly and proves that the means and methods of influence used, both economic and administrative, have proved unreliable in these areas. Therefore we conclude that the solution to these problems requires far more drastic action. A vision has been drawn up of just those solutions which will basically lead to a substantial rise in the decisionmaking role of the bank in the investment process, especially at the stage of drafting the investment plan and setting it in motion. We must extract structural investments from the efficient operation of the banks, that is, those investments which should clearly be decided by central bodies of authority upon the advice of the financial machinery. All other decisions should be made with a decisive role played by the financing bank, which on the basis of an analysis of the cost effectiveness of the investment, and the financial situation of the enterprise or industrial association, would grant or refuse credit for the investment being proposed.

The sum of the positive credit decisions made by the bank would be limited and set by the level of planned investment outlays, the outlays committed in carrying out structural investments, and the total of the enterprises' own outlays designated for the financing of investments. In such a situation the bank's credit decisions would represent a supplement to financing funds up to the amount of planned outlays. Investment pressure exceeding the planned outlays should be unsuccessful, because the bank would be afraid of exceeding planned outlays and would simply refuse to grant credit. The bank's statement that the advancing of further credit exceeds its economic capabilities should be considered normal and advisable, and this awareness should reach the ministries, and the directors of industrial associations and enterprises. We can no longer tolerate the situation in which money is in abundant supply and we limit the sizes of investment activity using administrative restrictions.

A host of tasks of the finance ministry are related to the structuring of plan discipline in the area of production structure. We should activate market and export production. The growth rate of production for other purposes should now be far lower, that is, of the sort which the investment growth rate adopted in the plan implies. This is the way the planned structure of production will be, and care should be taken to see that it is carried out.

Although the possibilities of the financial system in the shaping of production structure are rather limited, and there are many reasons for this, nonetheless this system should be encouraged to take the greatest possible advantage for undertaking effective export production and production which is adapted to the demands of market production. In the self-financing system we should therefore put in financial incentives for factory workers and enterprises and brakes to avoid exceeding the plans for production designated for purposes other than those mentioned above, and these incentives should be more effective than the ones we are using today.

In the realm of market production, the financial apparatus will pay particular attention to effective preferential treatment for good quality. The economic and social losses from poor quality and the low value of goods are too serious to be tolerated in this era of supply difficulties.

We should use the instrument of budget subsidies more effectively and to better use. This is demonstrated above all by this instrument's irreclaimable and purely budgetary nature. Subsidies must not flow in an unrestricted manner. Their size should force improvement in economical management. It follows then that in multiyear arrangements, the subsidy rates must be degressive in nature, because a decline in costs is required of everyone, and hence also those areas of the economy which we traditionally subsidize owing to one level of prices and not another.

In order to carry out this task, it is necessary to become deeply familiar with production costs, the activity of units, and the costs of subsidized goods, and, especially, unit costs on socialized farms.

In relation to foreign commodity exchange, we strive to mobilize a number of financial incentives to give priority to exports. This is the goal of the principles of financing enterprises which specialize in export. It will also be essential to use foreign-exchange conversions more flexibly, so that the financial benefits gained from exports, especially effective ones, are increasingly greater and noticeable in the financial results. We assume the actual realization of the principle of leaving a certain part of the foreign exchange obtained in the hands of the enterprises, a practice which should encourage initiative to undertake various technical, organizational, supply, and other solutions permitting a further rise in exports.

The next area on which the finance ministry must focus its efforts is budget problematics. A great deal of importance is attached to this area, because it is through the budget that finances come in contact, on the one hand from the highest body of power, the Polish Sejm, and on the other, the bodies of local authority. It is on these two planes that comparisons have been going on for years and are still going on between the various needs and those financial capabilities which the economy has in a given period of time. This is the source also of numerous postulates on the manner of financing production activity and the whole sociocultural sphere, concerning the clarity of the budget, the modernity of budgeting, and so on.

All these and other questions must be considered once again in the course of final work on the final version of the draft of the budget law. The new law should contain solutions aimed at further improving the system, and, especially, local planning.

Here we should take into account the effects of the decentralization already prepared for the economic tasks, which have been transferred to the voivodships and gminas, strengthen the financial independence of the people's councils, and bolster the incentives for the growth of income and thrifty management of budget resources, as well as the local authorities' right to have access to budget surpluses.

There is the constant task of improving the methods of budget calculations through the proper development and monitoring of budget standards and rates. Above all there is the need to formulate directional proposals for the period from 1971 to 1985. Then they will have to be successively inculcated and improved.

Alongside the upgrading of the actual methods of calculation it is necessary to achieve in the very near future improvement in the general level of reality of budget and financial planning, something which calls for a systematic analysis and assessment of economic phenomena and more accurate forecasting.

Once again we should ponder the sphere of the budget economy and the idea of possibly including in the budget some part of "fund" activity. To this end we must again review and analyze the special-purpose funds created by the budget.

In the struggle for more effective use of budget funds, we should strengthen the budget implementors' responsibility for their actions. Here we must avail ourselves of both financial control instruments and the instruments of budget discipline contained in the budget law.

Finance has at its disposal still other financial instruments which will undoubtedly help bring about money-market balance and have an influence on the population's income and expenditures. These are the tax system, the credit system, and the savings system.

Taxes must stimulate the growth of services in the population. This problem is currently regulated through the introduction of stable, simple forms of tax collection from the handicrafts and small-scale industry. The stability of this policy must be continued further, but the simultaneous instances of excessive collection of socially unjustified income by certain population groups must be eliminated. Therefore further improvements are needed in the levying of taxes and its execution, and as a result we should see the further bolstering of the regulatory function of taxes on the population.

One also notices the need to strengthen the social role of granting the population credit. The banks' credit policy should favor and stimulate the development of certain directions and forms of farm production, and although we should continue to aid private farmers, we should go further than we have in linking the credit extended to a rise in the production effects in agriculture. The absence of this sort of relationship should be the signal to suspend credit priorities in relation to the debtor, because we should state unequivocally that the great financial assistance directed to agriculture should be providing greater results even today.

Social goals are still the aim of our credit for young married couples and of our credit for private housing construction. Changes favorable to the society in the areas of credit policy are currently being introduced by the banks. Incentives for increased savings deposits will be actively developed too. It has been observed that there has been a tendency to transfer deposits to accounts with periods of longer than 12 months. This tendency is being supported by the higher interest being paid on the longer-term accounts. Efforts will continue in the direction of stabilizing deposits, for example, by special-purpose saving for the more expansive durable goods, because practice shows that the anticipated effect of special-purpose savings is a stronger incentive than interest rates. The banks will prepare an appropriate program on this matter in the next few months.

In the article we have presented the key tasks of finance and the financial machinery in those sectors of the economy which are decisive for our development and in those areas where the undertaking of energetic, aggressive moves can produce specific results, but the success of their implementation depends on consistency of action and improved working quality and style. The logic of the program of operation presented is simple. Its first, basic element is to increase the force of the argumentation, as the result of an in-depth and even comprehensive study to become familiar with the state of our economy. From this will come more forceful accents on the widest possible range of analytical activity to examine economic and financial problems. The second factor is to translate this in-depth knowledge into the language of practical action accomplished through the making of proper financial planning and executive decisions, and through the contact made at the level of the organizational unit through proper decisions. In a word, we need a system to make it

possible to avail ourselves fully of the meritorical, formal, and organizational possibilities of finance. Most of the tasks stemming from the resolution of the Eighth Party Congress should be accomplished or well on their way by the end of the third quarter of this year, because it is a question of having mature systems improvements to adapt in practice beginning in 1981 and others prepared for later inculcation, by 1983 at the latest. The appropriate conditions exist. The possibilities are there. We have a climate favorable to increasing the role of finance. The financial machinery and its activity are creating ever greater trust on the part of officials. This opportunity will undoubtedly be exploited.

10790

CSU, 2600

ROLE OF FINANCE, PRICE REFORM, PROFITS IN ECONOMIC POLICY DISCUSSED

Warsaw ZYCIE GOSPODARCZE in Polish No 25, 22 Jun 80 p 8

[Article by Robert Korsak: "Finance — Science and Practice"]

Text A scientific conference entitled 'The Science of Finance and Financial Policy in People's Poland' was held 2-4 June of this year. The organizers of the conference were the Ministry of Finance and the Finance Institute. The organizers already have many years of tradition in scientific cooperation. The conference was linked to the 75th anniversary of the Main School for Planning and Statistics (SGPIS) and the 30th anniversary of that institution's Finance Department. The occasion served to present the scientific contribution of the department in the form of "The Book of the Finance Department's Scientific Contribution," which is composed of monographs, dissertations, handbooks, and other works on the theory of finance, state budget, enterprise finance, banking, and international finance.

The conference was begun by SGPIS rector Prof S. Nowacki. The conference was attended by Minister of Finance Henryk Kisiel who, in referring to the school's anniversary and its scientific contribution, emphasized its contribution to finance theory and its role in solving the problems which face economic practice, for example, in its work on the draft changes in the financial system of economic organizations after 1980. The minister of finance gave the Finance Department a gold medal of the ministry "For service to the finance of People's Poland."

The papers at the conference were read by Doc Jan Boguszewski: "Economic and Financial Instruments and Equilibrium of Investment Processes," Director B. Gichocki: "The Role and Function of Profit as a Synthetic Measure for Evaluating the Economic Activity of the Socialist Enterprise (Practical Aspect)," Prof Wladyslaw Jaworski: "The Problems of the Theory and Practice of Bank Credit," Prof Hanna Sochacka-Krysiak: "Directions of Evolution of Financial Control Against the Background of Changes in the System of Management," Docent Jan Szczepanski: "The Stimulation and Regulatory Function of the Finance Systems of Enterprises," Docent Lech Skyszko: "The Role of Buying Funds in the Structuring of Economic Processes," Dr Jan Wasenczuk: "The Criteria and Conditions of Credit Effectiveness,"

Prof Mieczysław Kucharski: "The Possibilities for Coordinating Synthetic Balances," Prof Zbigniew Pirozynski: "Preconditions of the Scope and Construction of the Budget in a Socialist Economy," and Prof Ursula Wojciechowski: "The Role of Profit in the Management of Economic Organizations -- Evolution of Views and Solutions."

Papers leading to discussion were read by Prof Zdzisław Fedorowicz and Marian Krzak, first deputy minister of finance. Prof Fedorowicz's paper was entitled "The Development of Finance Theory in People's Poland," and Marian Krzak's paper was entitled "The Role of Financial Policy in Economic Policy During the Next 5 Years."

Z. Fedorowicz devoted a great deal of space in his talk to the problem of the subject of the general theory of socialist finance. This then became one of the most important threads of the discussion. He said that during the post-war years the scope of the subject of finance theory had greatly expanded. Within it, as within other economic sciences, there has been a tremendous rise in the interest in the functioning of the economy and the resulting application problems. This has led to ... and interest in the course of money-finance phenomena in toto and in their internal relationships and interrelationships, as well as in the links to non-monetary phenomena in the spheres of production, distribution, exchange, and consumption." Prof Fedorowicz points out the controversial nature of the proposed scope of the subject of the general theory of finance, particularly in relation to the traditional definitions of finance including only the processes of redistribution of income and cash funds among the various economic units. Another important group of problems in the paper consists of the directions for the further development of the general theory of finance.

In speaking about the role of financial policy in the coming five-year period, Mr Krzak expressed the view that its significance would increase. Against this background the speaker presented the major directions for resolutions in the economic organizations' financial system which has presently been developed.

In the sphere of financial planning he foresees the following: 1) the elevation of the role of synthetic balances as instruments for assessing the economic situation and as the basis for annual planning; 2) the bolstering of payment discipline and a departure from the category of the foreign-exchange zloty; 3) an important element of financial policy will be the acceptance of the enterprise as the basic economic organizational unit in the clearing of accounts with the budget and in credit. Here he assumes the limitation of the sphere of directives in favor of economic and financial indicators and the stability of some of them in the three- to five-year periods.

Certain problems of the reform of sale prices on supply items anticipated for 1981 were presented. This reform is to come before the changes

anticipated in the economic-financing system. For example, there are plans to gradually reduce budget subsidies, a step which should create more objective conditions for cost effectiveness and limit the sizes of the budget-financed redistribution of financial resources. The new prices will be fixed prices, but the compensatory accounting of the prices will ease major price fluctuations on world markets during the year. There is a plan for a more flexible approach to foreign-exchange conversion factors essential to the functioning of transaction prices.

These enterprises are to create the conditions necessary for using profit as a measure of economic activity, the source of funds for clearing accounts with the state budget, and the basis for an incentive system. In order to expand the role of profit in the enterprises, we must greatly modify the system for the distribution of accumulations. In the draft solutions there is an attempt to base the distribution of accumulations on two basic taxes, a progressive income tax and a turnover tax (consideration is given here to the possibility of shifting the collection of the turnover tax to commerce).

Net profit would be a source of funding for the bonus fund for management and the development fund. Consideration is also being given to the question of modifying the plant funds and returning to a plant fund which is created out of a profit deduction.

The projection is to introduce a new way of measuring what is called net sales (the value of sales less material costs and income and sales taxes) as the basis for creating the payroll fund. There are plans to maintain the system of payroll fund reserves. There is the possibility of receiving temporary credit for wages. The strengthening of bank control over the payroll fund is foreseen along with a tightening of sanctions for poor management of this fund.

Thirty-five people took part in the discussion.

The problems of management efficiency (on various scales) was the subject of papers and discussion. The subject was handled mainly from the viewpoint of the role of finances in this area. Here it is a question of the immense actions aimed at eliminating structural faults in the past economic self-financing systems and, in the near future, the active participation by finance in upgrading efficiency.

There was agreement in the view expressed that the role of finance under current conditions of the management at the various levels is shockingly low. Many factors contribute to this degradation of finance. One of them is the phenomenon described in the discussed as "the erosion of the monetary system," but this refers in particular to cash (J. Goluchowski) through the expanded system of coupons, sales referrals, and so on. This phenomenon additionally complicates the operation of the incentive system. "The basic condition for increasing management efficiency is to increase the respect for money" (W. Jaworski).

This cannot be quickly achieved, but partial changes are present even now. Here it is mainly a question of strengthening the bank's role by a) reducing the enterprises' self-financing and eliminating automatic credit, b) increasing the role of the bank and credit in the process of allocating funds for developmental purposes, c) strictly defining the limits of credit issuance, and d) not permitting the issuance to cover automatically the financial needs of the state.

Generally speaking, a condition to the effectiveness of finance policy is the proper relationship between the material and financial processes, so that financial policy is an instrument in the shaping of material processes. Finance policy should have at its disposal correction instruments (a strengthening or motivating mechanism), in order to reduce the sphere of application of incidental instruments.

The realm of this problem includes deliberations on cost effectiveness as the basis for managing economic organizations and the economy in general and for managing the conditions essential to its application. Among these conditions were included, for example, the need to insure the profitability of socially effective production (and not the profitability of noneffective production), which is tied in with the need to build up an appropriate price system. This problem was raised by Minister Kisielec. The people reading the papers leading up to the discussion touched on it in greater detail, and it came up in greatest detail in the discussion.

A great deal of attention was devoted to the question of synthetic standards of measurement, mainly profit. The role of profit was discussed in two papers. E. Cichowski presented the experience which had been gained in this area in the system of the large economic organizations (WOG's) and comprehensively described the significance of profit in the finance system projected for the 1980's.

In her paper U. Wojciechowska analyzed the views of the role of profit and practical solutions to draw conclusions concerning the possibility of using two standards of evaluation, that which approximates net production and profit, provided that both standards of measurement are created by the same economic-finance instruments, that is, the same prices, finance instruments, and record systems.

In the discussion the views on this matter were divided. A case was made for the single-standard system in the form of profit (B. Gruszka). It was pointed out that profit is a short-term standard of measure (Z. Piraszynski), and that it depends to a small extent on economic organization (L. Kurowski). It was also pointed out that there is a new aspect of profit which is taking on significance, that is, profit as a "thermometer" of the structural policy and a criterion for monitoring economic decisions (U. Wojciechowska).

A strongly accented stream of the discussion (some people felt too strongly) was the problem of the subject of finance study and the problem of the relationship between the financial sciences and other economic and legal disciplines.

There were clearly two different orientations to this subject. One made a case for a broad conceptualization of the subject. This was the stand taken by Z. Federowicz. The other called for a narrower approach, but here too there was a call for a departure from overly traditional stances. There was no opposition to Prof L. Kurowski's suggestion for liberal treatment to be given to researchers speaking on behalf of a different scope for the subject of finance.

The relationship between the financial sciences and other disciplines was reviewed in the plane of the theory of political economics versus the financial sciences and the financial sciences versus the legal-financial sciences.

The first relationship was the subject of the address by M. Mieszczański, who talked about the close relationship between political economics and the financial sciences through the theory of money, credit, and taxation and the adverse influences which certain shortcomings in economic theory have on the financial sciences. Here it is a question of phenomena such as the economy's blowing up of the role of the subjective factor, the inadequate description of the economic relations, and the concepts of the models of the socialist economy which are based on a simplified demonstration and parametric model. These result in lacks in the formulation of laws in the functioning and development of the socialist economy.

Weaknesses in the science of finance, a science which makes up a component part of the economic sciences, are manifested in the fact that financial policy and science often operate by intuition, which is inevitably tied in with symptoms of subjectivism (an example is the mushrooming of the role of the finance system in the realm of the incentive system). In financial research many generalizations are based on assumptions, where there is too little knowledge concerning the real economic processes and phenomena. It was U. Wojciechowska's view that there is no discussion on the subject of objective conditions, because only very general laws can be objectivized, as shown by the varied nature of solutions in socialist countries, although the management conditions are similar.

The other group of relations discussed in the financial disciplines concerned the effects of what is called the process of "the economization of the law" (S. Gajl). This process creates many new, difficult problems for the theory of financial law, for example, in the sphere of the construction of detailed standards. Because of the economization of financial law, many new legal institutions are created, making cooperation among many parties necessary. Coordination is also needed for legal,

economic, and other research methods, because the shortcomings which occur here are the weak side of financial practice and science (M. Weralski).

Janusz Wierzbicki called for greater interest in comparative and monographic research on finance in other socialist countries, seeing this area to be an important but neglected area of research. Finance under the concrete conditions of the functioning of socialist states should be made the subject of research; A similar call was made for research on the domestic scene. Finance, theory and practice, must be adapted to socio-economic reality and its needs. A weakness of financial sciences is the search for solutions oriented to fabricated conditions.

Many more detailed problems which we have to overlook here were brought up in the discussions. For example, discussions were also held on a proposal to restore the former plant fund created out of profit deductions. Some participants to the discussion called for such a move. There were also voices calling for deeper thinking on the effects of the solution proposed.

The discussion was summed up by Prof Leon Kurowski and deputy finance minister Bronislaw Cias.

14790

CSO: 2600

RAILROAD ELECTRIFICATION PLAN OUTLINED

Warsaw SLOWO POWSZECHNE in Polish 20 Mar 80 pp 1,2

[Article signed "S.SOK": "Concentration of Work in the Regions of Terespol, Swinoujscie and in Silesia. 7,100 Km of Electrified Routes"]

[Text] We have lost quite a lot by slowing down the rate of electrification of railroad routes. Now again a green light has been given for this work and thanks to electrification this year of over 425 km of railroad lines we will save in the neighborhood of 222 million zlotys annually, mostly through elimination of diesel locomotives which would have consumed about 42,000 tons of liquid fuel.

The main electrification work will be concentrated this year in the area of the border crossing at Terespol and the transloading station at Malaszewice and at another outlet from Silesia and also in the area of Swinoujscie. The completion of work at these important junctions during 1980 will make it possible to bring into operation the cross-country routes from west to east from from south to north.

Electrification of the Biala Podlaska-Terespol section will permit the creation of a transit route from the Soviet border to Zbaszynek in the immediate vicinity of the GDR. The last link of this route--Zbaszynedk-Kunowice--will be electrified in the years to follow.

The entire junction that cooperates with the border transloading station at Malaszewice will be modernized. Here, alongside the electrification work, a reconstruction of tracks is being also carried out, and on the Malaszewice-Terespol section a second track will be added.

In the region of Silesia, the crews of railroad enterprises are working primarily on the two lines that are of importance for this area. An electrical network is being installed over the eighth successive outlet from Silesia, ranging from Zabrze to Kluczbork. It is being envisaged to end work in this section in December 1980.

Another area of electrification operations is a 100 km section which links Herby Nowe with Kepno through Tarnowskie Gory and Wielun.

Thanks to the electrification of a 57 km section from Zgierz to Kutno the traffic at the Lodz junction will be substantially improved. At last, the slow and polluting steam locomotives will disappear from a very busy Lodz-Poznan route and the time to travel it will be considerably shortened.

The passage from the southern regions of the country to Swinoujscie will be also considerably shortened. This will be caused by electrification of an approximately 80 km section connecting Goleniow with Swinoujscie. This route is not only of a great importance to coal transport from Silesia to Swinoujscie and of ore in the opposite direction, but it will also facilitate the passenger service to Miedzyzdroje and Swinoujscie. It is being estimated that the work, to be completed this year on the Goleniow-Swinoujscie section, will shorten travel on this very long route by about half an hour.

Together with implementation of this year's electrification tasks, preparatory work will be pursued for the forthcoming tasks to be performed in the years to follow. It is assumed that about 500 km of tracks will be electrified annually. This year the network of electrified routes will already amount to over 7,100 km.

1015

CSU: 2600

DEEP-SEA FISHING PLAN IN 1980 DESCRIBED

Warsaw SLOWO POWSZECHNE in Polish 21 Mar 80 pp 1,2

[Text] Recently a good deal is being published concerning the management of fishing and distribution of fish. On the other hand, there is little information about the amount of fish caught and what percentage of them will make it to the domestic market. As estimated by Edwin Wisniewski, Deputy Minister of Foreign Trade and Maritime Economy, we shall catch this year in the seas and oceans about 800,000 tons of fish, of which 265,000 tons will find its way into the market (15 percent more than in 1979).

The Baltic Sea where it is anticipated that over 200,000 tons of fish will be caught, will remain the most reliable fishing area. In the Pacific Ocean, mostly in the vicinity of Peru and Alaska, we intend to catch 300,000 to 350,000 tons. We will increase catches in the area of the West Africa. Up to now we were fishing only in the vicinity of Senegal and Namibia, but in the next few months we shall begin to fish near Morocco and Mauritania. Especially rich are the fishing grounds near Mauritania where abundant catches are being planned.

In the Atlantic, we will be present only near the United States and Canada. The catches here are small and do not exceed 25,000 tons.

We will continue fishing near Brazil and Argentina. Whereas Brazilian fishing grounds are little productive, in Argentine waters the results of fishing are very good.

We set great hopes on new fishing areas near Australia and New Zealand. According to Deputy Minister Wisniewski, the government of the latter country has already given its consent to the presence of our fishing vessels on these seas. These are very rich fishing grounds and the first vessel of the "DALMOR" type is already cruising around New Zealand.

On the other hand, our fishing plans on the seas near the Philippines and on the Indian Ocean failed short of expectations. The Philippine fishing areas are very poor and in the Indian Ocean one can find only 8-9 fish species, which is unprofitable for commercial vessels. Plans are to shift the vessels of the "GRYF" type from the Philippine fisheries to the Australian waters.

Vessels are a major problem of the fishing shipowners. The last units were supplied to fishing enterprises in 1978. At present there are also being built a few fishing vessels but it is not known if they will be added to the fishing fleet of the "DALMOR" and "GRYF," as the shipowners have no funds for the purchase of new vessels. And the situation becomes more and more pressing and if no expansion of the fishing fleet occurs in the next years, it might be necessary not only to limit deep-sea fishing but even to abandon altogether the operations on the remote fisheries.

It would be a pity to give up the acquired experience, the more so because there is a real chance to up the catches to a million tons of sea fish.

1015

CSO: 2600

DEVELOPMENT OF ELECTRIC POWER SYSTEM FROM 1980 TO 2000

Belgrade TEHNIKA in Serbo-Croatian No 5, 1980 pp 765-772

[Article* by a group of authors: "Development of the Basic Yugoslav 380-kv Network--Precondition for Optimum Development and Functioning of the Technically and Technologically Unified Yugoslav Electric Power System"]

[Excerpt] Future Development of Yugoslavia's Transmission Network in the Period 1980-2000

Forecasting Needs for Electric Power and Generating Capacity in the Period 1980-2000

On the basis of anticipated plans for development of the electric power industry of the republics and autonomous provinces over the period 1980-2000 and data on development of electric power consumption and installed capacity in the past, and using procedures for forecasting development of electric power and capacity in the future, and on the basis of experience, intuition and estimation, a forecast was made of development of Yugoslavia's electric power and capacity as a whole and for all its republics in the period 1980-2000 and for the average years: 1980, 1985, 1990 and the year 2000.

The figures obtained on the growth of needs for electric power and capacity and per capita electric power consumption are shown by republics and for Yugoslavia as a whole in Table 5.

The planned and forecast needs for electric power in Yugoslavia yield the following average annual growth rates:

Over the period 1980-1990	8.6 percent
Over the period 1990-2000	5.9 percent

and the planned and forecast needs for generating capacity:

* Paper delivered at the conference entitled "Development of Yugoslavia's Fuel and Power Industry," held in Opatija in March 1980.

Over the period 1980-1990
Over the period 1990-2000

8.6 percent
5.7 percent

Table 5. Development of Total Net Needs for Electric Power, Peak Capacity and Per Capita Consumption by Republics and for Yugoslavia as a whole in the Years 1980, 1985, 1990 and 2000

<u>Republic, Year</u>	<u>Power, gigawatt- hours</u>	<u>Peak Gener- ating Capac- ity, megawatts</u>	<u>Per Capita Electric Power Consumption, kilowatt- hours per inhabitant</u>
Serbia-Belgrade			
1980	8,943	1,598	2,109
1985	13,533	2,813	3,439
1990	21,900	3,900	4,567
2000	38,210	6,600	7,267
Montenegro			
1980	2,790	509	4,701
1985	1,840	711	6,095
1990	3,457	990	8,218
2000	7,930	1,495	10,938
Croatia			
1980	13,487	2,190	2,506
1985	16,772	3,207	3,588
1990	23,368	4,438	4,945
2000	41,360	7,806	8,569
Paradise			
1980	5,637	1,122	2,947
1985	10,154	1,749	4,946
1990	14,260	2,410	6,532
2000	24,100	4,100	9,988
Slovenia			
1980	8,269	1,480	4,536
1985	12,510	2,130	6,668
1990	17,660	3,030	9,179
2000	31,350	5,368	15,566
Yugoslavia			
1980	19,327	4,539	1,135
1985	33,112	7,680	3,488
1990	47,929	10,957	4,863
2000	87,300	19,600	8,402
Yugoslavia			
1980	36,633	11,438	2,541
1985	71,941	18,296	3,957
1990	100,360	25,725	5,407
2000	210,470	49,466	8,984

The planned growth rates are realistic and those most expected both for consumption and generating capacity, especially in view of the energy crisis.

in the world and the need for the country to rely on its own sources of energy in the future.



- Legend:
- 180-kv long-distance transmission lines, phase I, on line (and transmission lines already built which have not been put on line yet)
 - - - 180-kv long-distance transmission lines, phase II, under construction
 - 180-kv substation, phase I, on line
 - 180-kv substation, under construction
 - 180-kv RP (circuit-breaker installations) under construction

Figure 1. Basic Yugoslav 180-kv network (as of 1980).

- Key:
- 1. Planned
 - 2. Under construction



- Legend:
- 380-kv long-distance transmission lines, phases I and II, on line
 - - - 380-kv long-distance transmission lines, phase III, planned for construction by 1985
 - 380-kv substation and circuit-breaker installations, phases I and II, on line
 - 380-kv substation and circuit-breaker installations, phase III, planned for construction by 1985

Figure 2. Basic Yugoslav 380-kv network planned for 1985

Shortage of Electric Power

The shortage of electric power, that is, installed power generating capacities and the needs for power, are given in Table 6 by republics and for Yugoslavia as a whole.

Table 8 shows a very rapid development of sources of electric power. Installing capacity of power sources would quadruple over the 20-year period 1980-2000.

Table 6. Development of Installed Capacity of Hydroelectric Plants (HE) and Thermal Electric Plants (TE) Over the Period 1980-2000 by Republics and in Yugoslavia as a whole, in megawatts

Indicator	Bosnia-Herzegovina	Montenegro	Croatia	Macedonia	Slovenia	Serbia	Yugoslavia
Hydroelectric plants							
1980	1,076	646	1,434	397	772	2,679	6,824
1985	1,919	886	1,746	656	1,044	2,775	9,036
1990	2,908	1,113	2,226	957	1,540	4,133	12,879
2000	4,407	1,924	3,176	2,159	2,125	4,970	18,761
Thermal electric plants							
1980	1,127	--	1,559	575	1,236	3,710	8,137
1985	2,492	210	1,844	945	1,526	7,361	14,378
1990	3,734	420	2,944	1,695	1,926	9,973	20,692
2000	6,549	420	3,944	2,505	3,761	20,492	39,671
Total							
1980	2,203	646	3,013	922	2,008	6,189	14,981
1985	4,421	1,096	3,590	1,601	2,570	10,136	23,414
1990	6,642	1,533	5,170	2,652	3,466	14,108	33,571
2000	10,956	2,344	9,120	4,664	5,886	25,462	58,432

Shaping the Basic Yugoslav 380-kv Transmission Network

Assuming the needs concerning peak capacity in the republics as given in Table 5 and after they have been located geographically according to centers of heavy distribution, i.e., according to the 110-kv and 220-kv junctions and the available capacities of power sources, and knowing the possible routes for transmission conductors of voltages on the order of 110 kv, 120 kv and 380 kv, a network of all voltage levels was shaped. Figures 1, 2, 3 and 4 show the 380-kv network obtained in the form of the basic Yugoslav transmission network for the years 1980, 1985, 1990 and anticipated for the year 2000.

The 380-kv network we shaped, which is shown in Figures 1, 2, 3 and 4, provides for quality and reliable transmission of electric power both under normal conditions of operation and also should some element of the system fail. It ensures reliable supply to consumers with the economically justified degree of reliability. The network we have shaped allows for linking all electric power generating and consuming regions and guarantees inclusion of the high-capacity units of thermal electric power plants and optimum utilization of hydroelectric storage plants and large reversible hydroplants. Its form and the junctions envisaged make provision for every expansion of the network and the building of new connections should the need arise during the period under consideration. It also allows for linking the Yugoslav system to the electric power systems of all neighboring countries.

The 380-kv network we have devised covers Yugoslavia with a basic 380-kv ring linking all major generating and consuming centers in the country and facilitates optimum development and functioning of a technically and technologically unified Yugoslav electric power system. This ring, with its transverse connections, links up all large power sources and consumer regions of Yugoslavia with the 380-kv voltage level, and it also makes provision for inclusion of all new connections should there be large transmissions of power from Kosovo in the direction of Croatia, Slovenia, Macedonia or for possible export to Italy, Austria, Greece and other countries of Europe.

The transmission of additional power on the order of 3,000 megawatts to meet the needs of Croatia, Slovenia and Macedonia from the thermal power basin in Kosovo may be realized in the coming period up to the year 2000 through construction of main 380-kv lines from Kosovo via Pljevlja, Sarajevo, Banja Luka and Zagreb to Ljubljana on the one hand, and from Kosovo via Obrenovac and Ugljevik to Zagreb on the other, as well as from Kosovo to Skopje (Figure 3a).

Transmission of additional power on the order of 4,000 megawatts might also be realized over a network with a voltage on the order of 750 kv, combined with the network on the order of 380 kv (according to Figure 3b).

As altogether unified technical and technological Yugoslav system is obtained by building the basic 380-kv transmission network, a system which can operate economically.

With the formation of the basic 380-kv transmission network all conditions have been created for economical and reliable linkage and cooperation of the Yugoslav Electric Power System with electric power systems of all neighboring countries (in parallel or synchronous operation over the 380-kv transmission lines Divaca--Italy, Maribor--Austria; Negotino--Greece and Bitola--Greece; in asynchronous operation through construction of rectifier stations on the 380-kv long-distance transmission lines from Ernestinovo to Hungary and from Nis to Bulgaria; in insular (ostrvski) operation over the 380-kv connection between our portion and the Romanian portion of the Djerdap Hydroelectric Power Plant, and over the 220-kv link between the 380/220-kv junctions at Titograd and Albania and another 220-kv connection which is to be built, Figures 3, 4 and 5 [Figures 4 and 5 not included in this translation]).

Table 7 shows development of the 220-kv and 380-kv transmission networks in Yugoslavia over the period from 1980 to the year 2000.

Table 7 indicates that it is the basic 380-kv network that will develop primarily after 1980, while the 220-kv network will in practice develop little because it is uneconomical and impractical except in cases when it proves to be otherwise. The 110-kv transmission network is becoming more important, but its development is not shown in Table 7, since over the period

1980-2000 it will continue to develop almost entirely as a transmission network of interest to each republic and autonomous province,



- Legend:
- 110kV long-distance transmission lines, phases I, II and III, in line
 - - - 150kV long-distance transmission lines, phase IV, planned for construction before 1991
 - 110kV substation and circuit-breaker installations, phases I, II and III, in line by 1991
 - 110kV substation and circuit-breaker installations, phase IV, planned for construction
 - large-capacity rectifier station for asynchronous links of electric power systems, planned for construction

Figure 3. 110kV-150kV network planned for 1991

Table 1. Development of 220-kv and 380-kv Transmission Network in Yugoslavia over the Period From 1980 to the Year 2000

Type of facility	1980	1985	1990	2000
Long-distance transmission lines, km				
220 kv	3,873	6,691	7,285	7,810
380 kv	4,188	5,589	7,818	10,636
Total, km	10,063	12,280	15,063	18,446
substations, MVA				
220 kv	13,430	15,900	16,950	18,000
380 kv	15,100	24,600	34,200	48,000
Total, MVA	28,530	40,500	51,150	66,000

Development of the Network of Voltages on the Order of 750-kv or 1,150-kv

Under the conditions assumed concerning development of installed capacity and location of sources and also the needs for electric power and generating capacity, there is no need in Yugoslavia to introduce higher voltage (over 380 kv up to the year 2000), that is, there is no need to introduce voltages on the order of 750 kv or 1,150 kv. The 380-kv voltage level which has been adopted and the 380-kv network which has been devised (Figures 1, 2, 3 and 4) will meet all needs for reliable and economical power transmission up to the year 2000. There is no question that the possible transmission of power on the order of 5,000 megawatts to 10,000 megawatts to Croatia, Slovenia and Macedonia or for possible export to Italy, Austria, Greece and other countries of Europe, from the large power plants concentrated in Kosovo, would bring about construction of a network with higher voltages than 380 kv, introduction of the voltage levels 750 kv or 1,150 kv, or even DC power transmission at voltages on the order of 2×500 kv or higher order.

The transmission of additional power on the order of 1,000 megawatts to meet the needs of Croatia, Slovenia and Macedonia from the thermal electric plants in Kosovo can be realized over the period up to the year 2000 by utilizing main 380-kv lines from Kosovo via Pijevlja, Sarajevo, Banja Luka and Zagreb to Ljubljana on the one hand and from Kosovo via Obrenovac and Gnjatovik to Zagreb on the other, as well as from Kosovo to Skopje (Figure 2a). Additional power on the order of 4,000 megawatts might be transmitted over a network with a voltage on the order of 750 kv combined with the network on the order of 380 kv (as shown in Figure 3b). However, the 380-kv network we have designed, which is given in Figures 1, 2, 3 and 4, also allows for easy expansion of the basic main 380-kv network and the basic network with voltages on the order of 750 kv and 380 kv or 1,150 kv (Figures 3a and 3b), constituting and facilitating in turn a unified technical and technological whole, a unified technical and technological Yugoslav electric power system.



- Legend: --- 380-kv long-distance transmission lines, double-circuit, planned for construction
 ● 380-kv substation, existing, planned for expansion

Figure 3a. Basic Yugoslav main 380-kv network planned for 1990, which is superimposed on the planned basic Yugoslav 380-kv network (Figure 3) to transmit power on the order of 3,000 megawatts from Kosovo to Croatia, Slovenia and Macedonia



- Legend:
- 750-kv long-distance transmission lines, planned for construction
 - 380-kv long-distance transmission lines, double-circuit, planned for construction
 - 750-kv substation, planned for construction
 - 380-kv substation, existing, planned for expansion

Figure 3b. Basic Yugoslav 750-kv and 380-kv networks planned for the year 1990, which is superimposed on the Yugoslav 380-kv network planned for the year 1990 (Figure 3) to transmit power on the order of 4,000 megawatts from Kosovo to Croatia, Slovenia and Macedonia and for possible export of electric power.

7045
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CROATIAN ENERGY STATUS, NEEDS TO 1985

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 9 Jun 80 p 12

[Text] The Executive Committee of the General Association of the Croatian Fuel and Power Industry supported in its meeting last week the proposed electric power budget of the republic for the coming 5-year period, which republic communities of electric power producers and consumers will now use in drafting an agreement on joint bases of the plan for development of the electric power industry.

Electric power consumption in Croatia has fluctuated over past 5-year periods, and the figures since 1950 show that as the republic's economy has developed, there has actually been a drop in the average growth of power consumption--from 12.5 percent between 1955 and 1960 to 10.5 percent, 11.8 percent, 9 percent and 6.7 percent in subsequent 5-year periods. It is estimated that electric power consumption will show an average growth of 8 percent from 1981 to 1985 (from 11,864 to 17,462 gigawatt-hours), which is a slightly larger growth than in the 5-year period just ending. The reason for this is expansion of the capacities of direct and special consumers such as the Boris Kidric Lightweight Metals Factory in Sibenik, the Sisak Steel Mill, the INA Petrochemical Plant in Kutina and Jugovinil in Split, but also that new consumers will be going on line, some of them very sizable: the INA petrochemical facility on Krk and the cement factory in Nasice (which went into trial production not long ago).

Since Croatia has relatively scanty primary sources of energy, and the hydropotential has been more or less utilized within the limits of economic justifiability, the ZEOH [Community of the Croatian Electric Power Industry] several years ago entered into joint construction of solid-fuel thermal electric power plants with the electric power organizations of other republics, and since 1975 and 1976 we have been receiving power from the Bosnia-Herzegovina electric power industry by virtue of the new generating units at the Tuzla and Kakanj thermal electric power plants, and since last year we have been receiving electric power from the Belgrade Consolidated Electric Power Enterprise thanks to the new power generating unit of the Obrenovac Thermal Electric Power Plant.

It was emphasized that in the past the ratio between hydro and thermal plants has been rather unfavorable in Croatia. Hydroplants represented the major share of power generating capacity, which meant that the reliability of supply to consumers depended considerably on hydrological conditions. After the liquid-fuel thermal electric power plants were built in Sisak, Rijeka and Zagreb, the ratio of thermal plants to hydroplants in terms of total installed capacity was 53:47, and by 1985 that ratio will be 56:44.

Over the next 5-year period three new hydroplants are to go on line and the capacity of certain existing ones will be increased. The Cakovec and Golubic hydroplants are supposed to go on line in early 1982, the Obrovac Hydroplant is to go on line as a pump-storage plant 1 year later, and the Orlovac Hydroplant will by that date increase its production thanks to construction of the Caprazlije storage reservoir. In that case all 14 run-of-river and storage hydroplants in Croatia would at the end of the coming 5-year period produce a total of 5,662 gigawatt-hours more than in the current year.

On the basis of a contract on long-term cooperation in building electric power facilities, the electric power organizations of the other republics will deliver 3,708 gigawatt-hours to the electric power system of Croatia in 1985, which is 552 gigawatt-hours more than this year.

The production of thermal power plants in Croatia, however, has been given the status as compensation for the production of hydroplants and the other capacities we have mentioned in the other republics, making up the difference up to the total needs for electric power. Solid-fuel thermal plants will be used up to 6,000 hours annually, and thermal power and heating plants will if possible be used only in back-pressure operation, the order in which liquid-fuel thermal plants will be used will be based on their costs, the available capacities of the first nuclear power plant will remain constant at less than 6,000 hours annually, and only in the year 1982, the first year of operation, will it be 5,000 hours.

The Krsko Nuclear Power Plant will go on line in October 1981, the Rijeka Thermal Power and Heating Plant will go on line in early 1983, and 2 years later the Plomin II Thermal Power Plant will go into operation, and then the production of thermal plants in the republic will reach 7,987 gigawatt-hours in 1985, which is 3,893 gigawatt-hours more than this year.

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